

SPEECH

OF

MR. MARVIN, OF NEW YORK,

ON

THE SUB-TREASURY BILL.

DELIVERED

IN THE HOUSE OF REPRESENTATIVES,

JUNE 9, 1840.



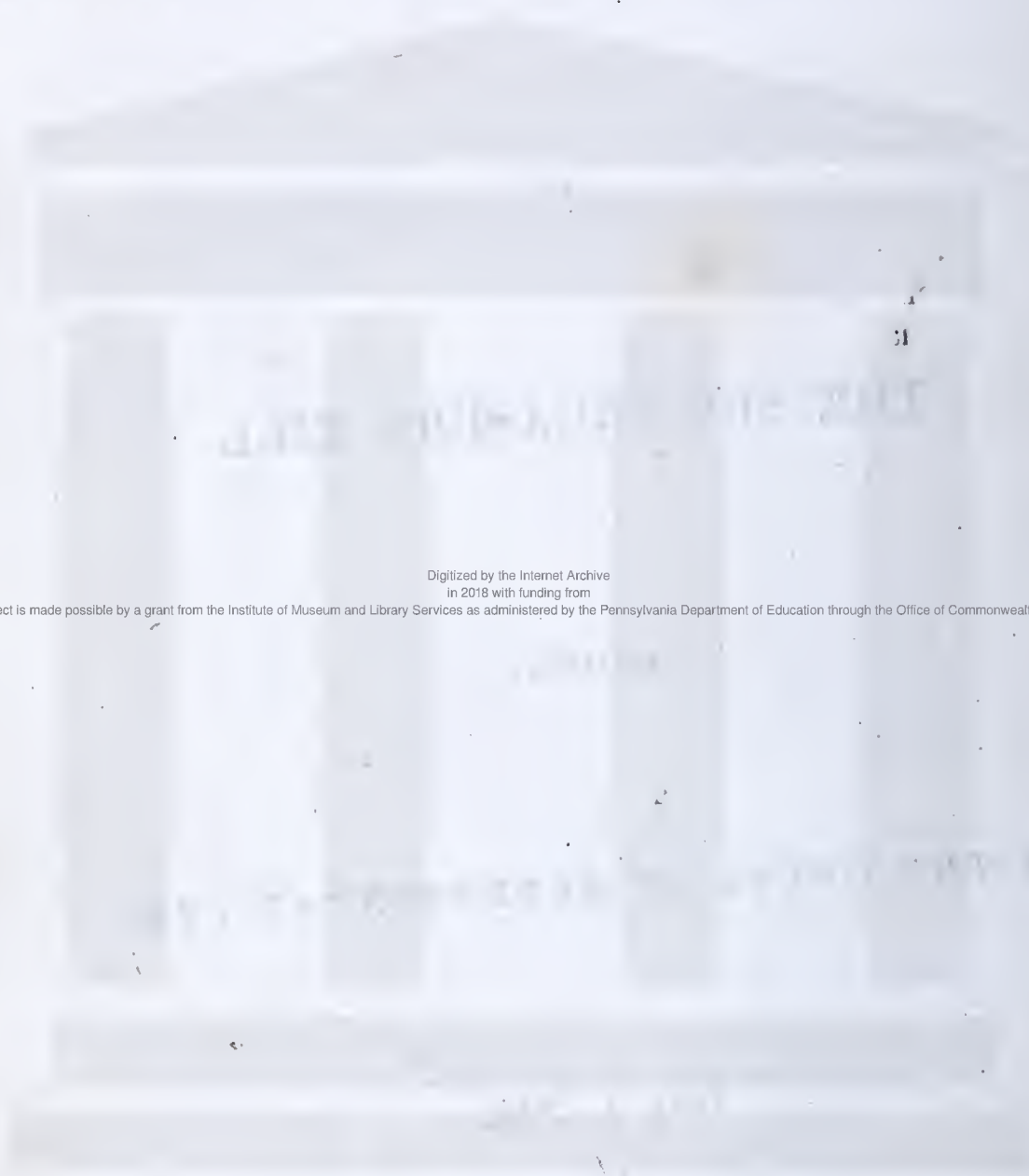
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## SPEECH.

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Mr. Chairman: In the great importance of the measure now under consideration will be found my apology, if any were needed, for the time I may occupy in its discussion.

When I first entered upon my public duties here, as a member of the last Congress, I determined, generally, to confine any remarks I might make to those questions in which my constituents were more immediately and directly interested; thus leaving to others the discussion of the many topics of party politics, which so often agitate this body. Nor am I now, sir, about to depart very widely from this rule. Though this measure is to affect most deeply the whole country, in my judgment, no portion of it will be more deeply and injuriously affected than that which I have the honor to represent. I shall, therefore, proceed in accordance with what I deem an imperative duty, to deliver somewhat at large my opinions upon this, to my mind, dangerous and alarming scheme of the Administration. And, sir, in the outset, one finds himself embarrassed in the great field which is open before him. To listen to the remarks of *some* of the advocates of this bill, one would suppose that the new measures it proposes were the plainest and simplest imaginable. So, sir, is *despotism* plain and simple, and he who is subjected to it needs never *think*, or act, but in obedience to its decrees. The truth is, sir, that the measure now proposed for our adoption, is one of the greatest importance; and the whole field of political economy, all the volumes which have been written upon that interesting science, are laid open by this measure for discussion. If this measure be adopted, long and well-established principles of political economy are to be discarded, and the practices and opinions of the political sages and statesmen of this and other countries, where liberty, in a qualified degree, has found a resting place, are to be rejected.

A measure which is to affect deeply all classes of society, which is to work a great change of all the former practices of the Government, in the mode of collecting and disbursing its revenues; which *professes* to take a new *departure*, and to steer a new course in search of a new channel, should be most carefully considered by the representatives of the people, before they consent to its adoption. Are we prepared for new experiments? Have we not had enough to satisfy our curiosity? Sir, there are some things we know; we cannot, if we would, be ignorant of them. We know that great embarrassment and deep distress now prevail all over the country. And that great difficulties are experienced in the transaction of not only the pecuniary affairs of the people, but the Government; which has only been able to get on in a bungling way by the employment of its credit, in the shape of Treasury-notes. We know, sir, that the present state of things has not always existed. There was a time when the country was highly prosperous; when its currency was good, its commerce active; when labor found its reward; when the Government found no difficulty in collecting, safely keeping, and disbursing the revenues. This, sir, was the state of things when General Jackson became President, and I propose to review briefly the measures relating to the currency which have been pursued since he came into power, and which have resulted so disastrously to the coun-



try. General Jackson saw fit, in his first message in December, 1829, to raise the question of a renewal of the charter of the United States Bank, though it then had six years to run. I read from his first annual message :

“The charter of the Bank of the United States expires in 1836, and its stockholders will most probably apply for a renewal of their privileges. In order to avoid the evils resulting from precipitancy, in a measure involving such important principles, and such deep pecuniary interests, I feel that I cannot, in justice to the parties interested, too soon present it to the consideration of the legislature and the people. Both the constitutionality and the expediency of the law creating this bank are *well questioned by a large portion of our fellow-citizens*; and it must be *admitted by all* that it has failed in the great end of establishing a uniform and sound currency.

“Under these circumstances, if such an institution is deemed essential to the fiscal operations of the Government, *I submit to the wisdom of the legislature*, whether a national one, founded upon *the credit of the Government and its revenues*, might not be devised, which would avoid all constitutional difficulties, and, at the same time, secure all the advantages to the Government and the country that were expected to result from the present bank.”

Here, sir, is the first evidence of hostility to the currency of the country, which was then sound. And which was furnished in sufficient quantity only to answer the legitimate demands of a currency. *The currency was not then inflated.* I wish this fact constantly borne in mind as we go on in this discussion. Let it also be now and forever borne in mind, that the people had then made no complaints; had not by their petitions called the attention of the President to the subject. No, sir, so far as we are permitted to *know*, the attack originated entirely with the Executive. I am thus particular in endeavoring to fix attention to this fact, as I intend hereafter to advert to it as a remarkable instance of *Executive power*, and as showing what we mean when we speak of the *dangers* to our free institutions of the power of the Executive.

But how, sir, was this attack of the Executive met? how was it received by the representatives of the people? That part of the message which I have read was referred in the House of Representatives to the Committee of Ways and Means, the most important committee in the House, and that committee, by its chairman, Mr. McDuffie, a warm friend of General Jackson, made an able report, from which I will read a few extracts :

“The Chief Magistrate, in that part of his first message which relates to the Bank of the United States, expresses the opinion that ‘it has failed in the great end of establishing a uniform and sound currency.’ After giving to this opinion all the consideration to which it is so justly entitled, from the eminent station and high character of the citizen by whom it is entertained, the committee are constrained to express their respectful but decided dissent from it.”

After some general remarks, the report proceeds on this point in the following strong and emphatic language :

“Human wisdom has never effected, in any other country, a nearer approach to uniformity in the currency than that which is made by the use of the precious metals. If, therefore, it can be shown that the bills of the United States Bank are of equal value with silver at all points of the Union, it would seem that the proposition is clearly made out that the bank has accomplished ‘the great end of establishing a uniform and sound currency.’ It is not denied that the bills of the mother bank, and of all its branches, are invariably and promptly redeemed in specie whenever presented at the offices by which they have been respectively issued, and at which, upon their face, they purport to be payable. Nor is it denied that the bills of the bank, and of all the branches, are equal to specie in their respective spheres of circulation. Bills, for example issued by the mother bank, are admitted to be equal to silver in Pennsylvania, and all those parts of the adjacent States of which Philadelphia is the market. But it is contended that these bills, not being redeemable at Charleston and New Orleans, are not of equal value with silver to the merchant who wishes to purchase cotton with them in those cities. Now, if the Philadelphia merchant had silver instead of bank bills, he certainly could not effect his purchases with it in Charleston or New Orleans, without having the silver conveyed to those places; and it is **equally certain** that he could not have it conveyed there without paying for its transportation an insurance. These expenses constitute the natural rate of exchange between those cities, and indicate the exact sum which the merchant would give as a premium for a bill of exchange, to avoid the trouble and delay of transporting his specie. It is obvious, therefore, that, even for these distant operations of commerce, silver would be no more valuable than the bills of the bank; for these would purchase a bill of exchange on either of the cities mentioned precisely



well as silver. If the operation should be reversed, and the planter of Louisiana or South Carolina should desire to place his funds in Philadelphia, with a view to purchase merchandise, he would find the bills of the branch bank in either of those States entirely equivalent to silver in effecting his object. Even, therefore, if the bank had not reduced the rate of the exchanges, it might be safely asserted that its bills would be of equal value with silver at every point in the Union, and for every purpose, whether local or general.

"But it is impossible to exhibit any thing like a just view of the beneficial operations of the bank without advertg to the great reduction it has effected, and the steadiness it has superinduced, in the rate of the commercial exchanges of the country. Though this branch of the business of the bank has been the subject of more complaint, perhaps, than any other, the committee have no hesitation in saying it has been productive of the most signal benefits to the community, and deserves the highest commendation. It has been already stated that it has saved the community from the immense losses resulting from a high and fluctuating state of the exchanges. It now remains to show its effect in equalising the currency. In this respect it has been productive of results more salutary than were anticipated by the most sanguine advocates of the policy of establishing the bank. *It has actually furnished a circulating medium more uniform than specie.* This proposition is susceptible of the clearest demonstration. If the whole circulating medium were specie, a planter of Louisiana, who should desire to purchase merchandise in Philadelphia, would be obliged to pay one per cent. either for a bill of exchange on this latter place, or for the transportation and insurance of his specie. His specie at New Orleans, where he had no present use for it, would be worth one per cent. less to him than it would be in Philadelphia, where he had a demand for it. But, by the aid of the Bank of the United States, one-half of the expense of transporting specie is now saved to him. The bank, for one-half of one per cent. will give him a draft upon the mother bank at Philadelphia, with which he can draw either the bills of that bank or specie, at his pleasure. In like manner, the bank and its branches will give drafts from any point of the Union to any other where offices exist, at a per centage greatly less than it would cost to transport specie, and in many instances at par. If the merchant or planter, however, does not chose to purchase a draft from the bank, but prefers transmitting the bills of the office where he resides to any distant point, for commercial purposes, although these bills are not strictly redeemable at the point to which they are transmitted, yet, as they are receivable in payment of all dues to the Government, persons will be generally found willing to take them at par; and if they should not, the bank will receive them frequently at par, and always at a discount much less than would pay the expense of transporting specie. The fact that the bills of the bank and its branches are indiscriminately receivable at the custom houses and land offices in payment of duties and for the public lands, has an effect in giving uniformity to the value of these bills, which merits a more full and distinct explanation.

"For all the purposes of the revenue it gives to the national currency that perfect uniformity, that ideal perfection, to which a currency of gold and silver, in so extensive a country, could have no pretensions. A bill issued at Missouri is of equal value with specie at Boston in payment of duties; and the same is true of all other places, however distant, where the bank issues bills, and the Government collects its revenue. When it is, moreover, considered that the bank performs, with the most scrupulous punctuality, the stipulation to transfer the funds of the Government to any point where they may be wanted, free of expense, it must be apparent that the committee are correct, to the very letter, in stating that the bank has furnished, both to the Government and to the people, *a currency of absolutely uniform value in all places, for all the purposes of paying the public contributions, and disbursing the public revenue.* And when it is recollected that the Government annually collects and disburses more than twenty-three millions of dollars, those who are at all familiar with the subject will at once perceive that bills, which are of absolutely uniform value for this vast operation, must be very nearly so for all the purposes of general commerce. \* \* \* \* \*

"Upon the whole, then, it may be confidently asserted that no country in the world has a circulating medium of greater uniformity than the United States; and that no country of any thing like the same geographical extent has a currency at all comparable to that of the United States on the score of uniformity."

No language of mine, sir, can add to the clearness or force of the language employed in this report; the truth of which was not then denied. A plain unsophisticated republican would naturally have supposed that such a response, coming from the immediate representatives of the people, would have induced the Executive to refrain from any further prosecution of his hostile views towards the best currency in the world." But let us see what response the Senate gave. If you consult the report made by the Committee of Finance, in the Senate, you will find as equally decisive evidence in favor of the currency then existing. A brief extract from the report of the Senate's committee will suffice. Speaking of the currency furnished by the bank, and of the value of its bills, the report says:



"In all commercial places they are received, in all transactions, without any reduction in value, and never, under any circumstances, does the paper, from the remotest branches, vary beyond a quarter of one per cent. in its actual exchange for silver. Here, then, is a currency as safe as silver, more convenient and more valuable than silver—which, through the whole Western and Southern, and interior parts of the Union, is eagerly sought in exchange for silver; which, in those sections, often bears a premium paid in silver; which is, throughout the Union, equal to silver in payment to the Government and payments to individuals in business; and which, whenever silver is needed in any part of the country, will command it without the charge of the slightest fraction of a per centage. By means of this currency funds are transmitted at an expense less than in any other country. In no other country can a merchant do what every citizen of the United States can do—deposit, for instance, his silver at St. Louis, or Nashville, or New Orleans, and receive notes which he can carry with him 1,000 or 1,500 miles, to the Atlantic cities, and there receive for them an equivalent amount of silver without any expense whatever, and in no possible event an expense beyond a quarter of one per cent. If, however, a citizen does not wish to incur the anxiety of carrying these notes with him, or to run the hazard of the mail, he may, instead of them, receive a draft payable to himself or his agent alone, so as to insure the receipt of an equal amount, at an expense of not one-half, and often not one-fourth, of the actual cost of carrying the silver. The owner of funds, for instance, at St. Louis, or Nashville, can transfer them to Philadelphia for one half per cent.; from New Orleans, generally without any charge at all, at most one-half per cent.; from Mobile, from par to one-half per cent.; from Savannah, at one-half per cent.; and from Charleston, at from par to one-quarter per cent.

"This seems to present a state of currency approaching as near to perfection as could be desired; for here is a currency issued at twenty-four different parts of the Union, obtainable by any citizen who has money or credit. When in his possession, it is equivalent to silver in all his dealings, with all the 9,000 agents of the Government throughout the Union. In all his dealings with the interior it is better than silver; in all his dealings with the commercial cities equal to silver; and if, for any purpose, he desires the silver with which he bought it, it is at his disposal, almost universally, without any diminution, and never more than a diminution of one-quarter per cent. It is not easy to imagine, it is scarcely necessary to desire, any currency better than this." \* \* \* \*

"After escaping so recently from the degradation of a depreciated paper currency, the committee would abstain from every thing which might, however remotely, revive it." \* \* \*  
*"Under these circumstances, they deem it prudent to abstain from all legislation, to abide by the practical good which the country enjoys, and to put nothing to hazard by doubtful experiments."*

Read, sir, again the last sentence of this extract. "Under these circumstances they (the committee) deem it prudent to abstain from all legislation, to abide by the practical good which the country enjoys, and to put nothing to hazard by doubtful experiments."

Notwithstanding these clear, powerful, and argumentative responses by both branches of Congress, the Executive still continued to assail this institution, which had relieved the country "from the degradation of a depreciated currency." He renews the war in his message of 1830, and again in 1831, and yet the country was but little alarmed. The people confided in their representatives, who in 1833 renewed, by a large majority, the charter of the bank, when the President, availing himself of that tremendous power given to him by the constitution, put his veto upon the bill. He determined that his will, instead of the will of Congress, should be the law. It is said the people approved of this high-handed exercise of Executive power, by re-electing General Jackson. Sir, they re-elected him not because he vetoed this bill, but they re-elected him notwithstanding his veto and because they believed in his bold and confident assurances that a national bank was unnecessary, and that the State banks could and would furnish for them as safe, and sound, and convenient a currency as had been furnished by the United States Bank. Time has shown how these assurances have been fulfilled, how wofully the President and his advisers were mistaken, and how correct those judged who deemed it prudent "to abide by the practical good which the country enjoyed, and to put nothing to hazard by doubtful experiments."

Not satisfied with the exercise of the veto power, General Jackson, in the fall of 1833, determined to remove from the bank the public deposits. To accomplish this, it was necessary to disregard a solemn decision of Congress as to the safety of the deposits, then recently made, to remove the then Secretary of the



Treasury, who *dared* to think for himself, and to agree with the representatives of the people, who foresaw the calamities about to be brought upon his country, and to appoint in his stead one who would comply with his imperious wishes. The deposits were removed and placed in the custody of the State banks, which were to employ them, and, by a sort of treaty or bargain among themselves, to furnish a national currency which had never been surpassed in excellence.

Mr. Chairman, Mr. Van Buren was Secretary of State and the principal adviser of President Jackson when these measures were originated, and we have the strongest reasons for believing that they in fact originated with him—he, at any rate, approved of them. In the inaugural address of the 4th of March, 1829, in which the new President enumerated the subjects of reform upon which he intended to enter, no complaint or notice is there taken of the bank or the currency; for aught that appears, he was then entirely satisfied with them; indeed we have proof that as late as June 29 of that year, the Administration approved of the bank. I read, sir, from an official letter written by Mr. Ingham, Secretary of the Treasury, to the bank:

“I take occasion to express the great satisfaction of the Treasury Department at the manner in which the president and directors of the parent bank have discharged their trusts in all their immediate relations to the Government, so far as their transactions have come under my notice, and especially in the facilities afforded in transferring the funds of the Government, and in the preparation for the heavy payment of the public debt on the 1st instant, which has been effected by means of the prudent arrangement of your board.”

Between the 29th June, then, and 1st December, the views of the President and his cabinet had undergone a change.

Mr. Chairman, I have listened with considerable attention during this debate, to the remarks of gentlemen who support the present Administration, who were also the supporters of the late Administration, and who now advocate the passage of this sub-Treasury bill—this new scheme of Mr. Van Buren. And, sir, it has not failed to strike you that nine-tenths of the matter contained in each of these speeches consists in denunciations of the banks, the same State banks which only a few years since they so greatly admired—in denunciations of the course they have pursued in enlarging their discounts, in expending their circulation, and in denouncing the large increase of banks since 1830. Now, sir, frankly and candidly, I am of the opinion that too many new banks have been created, and that the currency has been somewhat inflated. This is exactly what the opponents of the late Administration foretold would be the result of the measures then pursued.

I now, sir, charge distinctly and unequivocally, 1st. That the party composed of the same men who now proclaim the experiment of the State bank system a failure, did originate and carry into effect that system, and did most boldly and confidently *assure* and *promise* the people that it would succeed, and that it would furnish them with *as good* if not a better currency than they had ever enjoyed.

2d. That they caused the *expansion* of the currency, for which they now so violently denounce the banks; that they stimulated, ay, *commanded*, the banks to discount upon the deposits, and thereby produced the very over-action which they now condemn, and that they caused the speedy failure of their own *professedly* darling scheme, and are responsible for the present distressing state of things.

3d. That the party of which General Jackson was the head, and Mr. Van Buren the most prominent member, did cause to be created the greater portion of all the new banks which have been chartered since 1830, and about which now so great complaint is made.

Now, sir, if I prove these charges, as I assuredly will, I ask with what assurance can gentlemen, can the party, come forward now, and challenge the support and confidence of the people? Sir, I lay down this proposition—the leaders of the party *either knew* or they did *not know* what would be the effect of their measures upon the country. If they *did know*, then, sir, they have acted in *bad faith* to the people; they have induced them to believe that all was well, when they knew



that calamities the most distressing were shortly to visit them, and they intended to bring about the very state of things which was brought about. If, sir, they did not know what would be the effect of their measures, then they were *ignorant* and *unfit* to administer the affairs of Government, and should be dismissed from power. Sir, if I prove the charges I have made, then there is no escape from the propositions here laid down. I will proceed at once to lay the proof before you; it is record evidence furnished by the party itself. The fewer words I employ, sir, the better.

In July, 1833, the President appointed Amos Kendall to visit the State banks in the principal Atlantic cities, for the purpose of arranging with them to become depositories to collect and disburse the public moneys. Mr. Kendall visited the banks, returned to Washington, and made his report to the Secretary. This report is a curious affair, and shows the wisdom of this mighty man upon subjects of finance, currency, commerce, and banking. On reading it, one is ready to exclaim, "A Daniel come to judgment!" But, sir, I have not time to show you his large notions about banking and currency, according to which all banks far in the interior of the country were to make all their bills payable in the large commercial cities, and *thereby make larger profits*, and thus furnish exchange—a system which was "to furnish a general currency of uniform value." After stating some things as facts, and giving his plan for the organization of the system, he says:

"These facts hold out a promise of a general currency of more uniform value than that now furnished by the Bank of the United States, without the aid of the Government in originating or supporting it. The same connexion between banks in distant parts of the Union will also supply the place of that bank in furnishing or purchasing domestic exchange, and the growing competition will reduce it to the lowest practical rate."

So much for Mr. Kendall's assurances.

I wish, sir, the fact to be noticed that, in the extracts I read, a strong effort is made to show that the State banks would furnish "*a general currency*"—a currency of "*uniform value*." Sir, the obligation on this Government to provide for the people a sound general currency of uniform value was not then denied. It was left to the present Administration, when all their schemes to furnish such currency had failed, to *deny* the obligation. I shall hereafter comment upon this *new doctrine*; and I now only desire gentlemen to take notice of the strong solicitude of the Administration then to satisfy the people that their currency was not to be injured.

But to proceed with my proofs. On the coming in of Mr. Kendall's report the deposits were removed by the new Secretary of the Treasury, (Mr. Taney,) acting under the direction of the President, who took "the responsibility." Mr. Taney, on the convening of Congress, assigned his reasons for this act. I read from his report his assurances as to the capacity of the State banks:

"The State banks can, I have no doubt, furnish a general circulating medium quite as uniform in value as that which has been afforded by the Bank of the United States, probably more so. But a currency, *founded on the notes of State banks, could not be suddenly substituted for that heretofore furnished by the Bank of the United States, and take the place of it, at the same moment, in every part of the Union. It is essential that the change should be gradual; and sufficient time should be allowed to suffer it to make its way by the ordinary operations of commerce, without requiring a hasty and violent effort.*"

Again:

"The propriety of removing the deposits being thus evident, and it being consequently *my duty* to select the places to which they were to be removed, it became necessary that arrangements should be immediately made with the new depositories of the public money, which would not only render it safe, but would at the same time secure to the Government, AND TO THE COMMUNITY AT LARGE, the conveniences and facilities that were intended to be obtained by incorporating the Bank of the United States."

Here "the community at large" is spoken of as having some interest in the matter. Now the doctrine is, "let the people take care of themselves, and the Government will take care of itself." One more extract from Mr. Taney:



"The banks selected have also severally engaged to transmit money to any point at which it may be required, by the direction of this Department, for the public service, and to perform all the services to the Government which were heretofore rendered by the Bank of the United States; and, by agreements among themselves to honor each other's notes and drafts, they are providing a general currency at least as sound as that of the Bank of the United States, and will afford facilities to commerce, and in the business of domestic exchange, quite equal to any which the community heretofore enjoyed."

Here he speaks of "*facilities to commerce*"—of "*a general currency*"—of "*domestic exchange*."

Well, sir, having seen what Mr. Taney says upon the question raised by my charge, let us see what the President himself says in his annual message of December, 1833:

"Since the adjournment of the last Congress, the Secretary of the Treasury has directed the money of the United States to be deposited in certain State banks designated by him, and he will immediately lay before you his reasons for this direction. *I concur with him entirely in the views he has taken of the subject*, and, some months before the removal, I urged upon the Department the propriety of taking that step."

In his annual message of 1834 he says:

"Happily it is already illustrated that the agency of such an institution [the Bank of the United States] is not necessary to the fiscal operations of the Government. The State banks are found fully adequate to the performance of all services which were required of the Bank of the United States quite as promptly, and with the same cheapness. They have maintained themselves and discharged all these duties while the Bank of the United States was still powerful and in the field as an open enemy; and it is not possible to conceive that they will find greater difficulties in their operations when that enemy shall cease to exist."

Again, in the annual message of 1835, President Jackson says:

"The experience of another year has confirmed the utter fallacy of the idea that the Bank of the United States was necessary as a fiscal agent for the Government. Without its aid, as such, indeed in despite of all the embarrassment it was in its power to create, the revenue has been paid with punctuality by our citizens; the *business of exchange*, both foreign and domestic, has been conducted with convenience; and the *circulating medium has been greatly improved*. By the use of the State banks, which do not derive their charters from the General Government, and are not controlled by its authority, it is ascertained that the moneys of the United States can be collected and disbursed without loss or inconvenience, and that all the *wants of the community*, in relation to *exchange and currency*, are supplied as well as they ever have been before."

In the annual message of 1836, being President Jackson's last, he most triumphantly proclaims the entire success of his great and glorious experiment:

"Experience continues to realize the expectations entertained as to the capacity of the State banks to perform the duties of fiscal agents for the Government at the time of the removal of the deposits. It was alleged by the advocates of the Bank of the United States, that the State banks, whatever might be the regulations of the Treasury Department, could not make the transfers required by the Government, or negotiate the domestic exchanges of the country. It is now well ascertained that the real *domestic exchanges* performed through discounts by the United States Bank, and its twenty-five branches, were at least one-third less than those of the deposit banks for an equal period of time; and if a comparison be instituted between the amounts of service rendered by these institutions, on the broader basis which has been used by the advocates of the United States Bank in estimating what they consider the domestic exchanges transacted by the result will be still more favorable to the deposit banks."

It seems here, sir, that General Jackson was gratified at the increase of domestic exchanges, and the amount of business which the deposit banks had transacted. What would have been General Jackson's next message, had he remained President, the world can never know, as his term of office expired on the 3d of March, 1837, when he published a manifesto to the American people, and felicitated himself with the declaration, "*I leave this great people prosperous and happy*." But, sir, how uncertain are all *sublunary things*! Scarcely had he arrived at the Hermitage, ere the land was filled with distress, and Fame, with her thousand tongues, proclaimed to the world the entire failure of all his great financial schemes.



But, sir, I have not done with the proofs to sustain my first charge, though I doubt not you are ready to acknowledge that it is already fully made out.

Mr. Woodbury, who succeeded Mr. Taney as Secretary of the Treasury, in a special report made by him on the 12th of December, 1834, discusses at large the State bank deposit system, and contrasts it with a United States bank, and with all other modes which had ever been employed for the collection and disbursement of the revenue. He proved to his own satisfaction that it was the best and safest ever devised. I will not now read from it, but will do so hereafter in connexion with his report of December last.

I will call your attention to some extracts from Mr. Secretary Woodbury's annual report of December 1835. He says:

"This Department takes pleasure in stating that the public money continues to be collected and deposited under the present system of selected banks, with great ease and economy in all cases, and with greater in some than at any former period. \* \* \* \*

"The facilities which have been furnished to the commercial community in domestic exchanges were probably never greater, or at so moderate rates."

I will read here another extract from this report, which also goes to prove my second charge in relation to the increase of the discounts and currency of the banks. After giving some information as to the condition of the banks in the United States, he says:

"It will be seen that the situation of the selected banks, as a whole, bears an enviable comparison with the rest.

"In all cases deemed proper, they have given collateral security, and are all believed to be entirely safe, to the extent they have been confided in. Their *discounts* have been in general somewhat *increased*, but though tempted by the enterprising spirit of the times, *not* usually increased in a degree disproportioned to all their immediate available means. They have, also, in some cases, been able to aid and have *liberally aided other banking institutions* in their neighborhood, by as *large and long balances*, and other *indulgences*, as would generally appear to have been sanctioned by correct principles."

In his annual report of 1836, Mr. Woodbury says:

"It is a source of high gratification to be able to add that, while so selected and employed not a single dollar was lost to the Government by any of them, or a single failure occurred. It is believed that the domestic exchanges of the country were ever lower or more regular than during that period; and the large amount of them performed by these deposit banks in ordinary purchases or discounts, equalling from one hundred and fifty to two hundred millions of dollars yearly, or near a third more than those of the same kind by the United States Bank while its fiscal agent of the Government, evinced the great ability and usefulness of the banks on this important subject."

Sir, I could furnish you with additional proof, but it cannot be necessary. I proceed to prove the second charge in relation to the expansion of the currency and the overissues of the banks.

My first authority is from General Jackson's paper read to his cabinet when he ordered the removal of the deposits.

"The funds of the Government will not be annihilated by being transferred. They will immediately be issued for the benefit of trade, and if the bank of the United States curtails its loans to the State banks, strengthened by the public deposits, will extend theirs."

In his annual message of 1833, he says:

"I am happy to know that through the good sense of the people the effort to get up a paper currency has hitherto failed, and that through the *increased accommodations* which the State banks have been enabled to afford, no public distress has followed the exertions of the bank." [Meaning the United States Bank, which it was pretended was endeavoring to produce distress.]

I will now read one of several letters addressed by the Secretary of the Treasury to the deposit banks:

TREASURY DEPARTMENT, September 26, 1833

"SIR: The Girard Bank has been selected by this Department as the depository of the public money collected in Philadelphia and its vicinity, and the collector at Philadelphia will hand over to the bank the form of a contract proposed to be executed, with a copy of his instructions from this Department."



ment. In selecting your institution as one of the fiscal agents of the Government, I not only rely on its solidity and established character, as affording a sufficient guaranty for the safety of the public money intrusted to its keeping, but I *confide also in its disposition to adopt the most liberal course which circumstances will admit, towards other moneyed institutions generally, and particularly to those in the city of Philadelphia.*

“The deposits of the public money will enable you to afford increased facilities to commerce, and to extend your accommodations to individuals; and, as the duties which are payable to the Government arise from the business and enterprise of the merchants engaged in foreign trade, it but is reasonable that they should be preferred in the *additional accommodations* which the public deposits will enable your institution to give, whenever it can be done without injustice to the claims of other classes of the community.

“I am, &c.,

R. B. TANEY,

“Secretary of the Treasury.

“To the PRESIDENT of the Girard Bank, Philadelphia.”

Similar letters were sent to the presidents of the Commonwealth Bank, and the Merchants Bank at Boston, the Manhattan Company, the Mechanics Bank and the Bank of America at the city of New York, and the Union Bank of Maryland, at Baltimore.

The following is an extract from the letter written to the President of the Maine Bank, dated October 9, 1833. The residue of the letter is similar to the one just read.

“The deposits of the public money will enable you to afford *increased facilities* to the commercial and other classes of the community, and the Department anticipates from you the adoption of such a course *respecting your accommodations* as will prove *acceptable to the people* and safe to the Government.”

A letter similar to this last was also addressed to thirteen other selected banks. Similar instructions were given from time to time to other banks as they were selected as depositories. I have seen a copy of instructions issued to a deposit bank in Michigan giving the like directions. Now, sir, little or no money is collected from the customs in Michigan, but large amounts were received for the public lands, and by the directions of the Treasury Department they were to be loaned out. To whom? Certainly not to the merchant to aid him in paying duties. Not to the farmer to enable him to purchase a quarter or half section of land, for he went provided with his own funds. To whom, then, was it to be loaned? Why, sir, to the land speculator to land compromises to enable them to monopolize the most valuable lands. Borrow the money to-day, pay it into the land office to-morrow, when the receiver must deposit it again in bank, to be again loaned out; and thus perform over and over again the same operation. This was then the system.

But, sir, did the deposit banks follow these instructions? Yes, sir, to the letter. I read an extract from a letter written by Mr. Flemming, president of one of the deposit banks, in New York, to the Secretary of the Treasury, dated November 1833.

“I have ascertained, from an authentic source, that the banks in this city are indebted to the United States Branch Bank upwards of \$900,000, in consequence of *our* extension of discounts, and the large curtailments of loans made by that since the 1st October.”

One extract more will suffice. It is from a letter written by Mr. Newbold, president of the Bank of America, to the Secretary, dated November 9, 1833.

“After speaking of the branch bank having reduced its loans about half a million in four weeks, he says, “and the three selected banks in this city, have in the same period extended their loans for the relief and accommodation of our commercial community to an amount equal nearly so to the whole sum received by them on Government account. Thus, as you will easily perceive, the branch bank here has been enabled to keep our State banks constantly and heavily in debt to them, the aggregate of which debt amounts at this time to more than one million of dollars. This will show to you our relative situation, and explain to you the cause of it. The extension of our loans we have considered a point of duty, and not to be avoided with propriety under the circumstances; and being furnished by you with the means of protecting in the meantime the city banks, and the community in case of need, we have been enabled to perform our duty without apprehension of injury.”



You will understand, sir, that at the time these letters were written, transfer drafts had been issued of \$500,000 each to the deposit banks, upon the United States Bank and its branches, to be used by them at a moment's warning, and without having given notice of these *sleeping* drafts to the United States Bank, or its branches. They, however, had learned in some way the fact of the existence of such drafts, and were preparing to meet them when presented. Thus a general disturbance was created in the commercial and moneyed operations in your large cities.

One other authority only in relation to the use of the public money by the banks. It is from President Jackson's *last* annual message, dated in December, 1836. Speaking of a surplus, he says :

"To retain it in the Treasury unemployed in any way, is impracticable. It is, besides, against the genius of our free institutions to lock up in vaults the treasure of the nation. To take from the people the right of bearing arms, and put their weapons of defence in the hands of a standing army, would be scarcely more dangerous to their liberties, than to permit the Government to accumulate immense amounts of treasure beyond the supplies necessary to its legitimate wants. Such a treasure would doubtless be employed at some time, as it has been in other countries, when opportunity tempted ambition."

What an argument is found in this extract against your Independent Treasury scheme, with its "vaults" and safes, and locks, and keys. I have now, sir, proved my second charge as to the directions to use the deposits. I will consider the rest of the charge in connexion with the third. Sir, let me not be understood as being opposed to the reasonable and prudent use of the public money in aid of the commerce and industry of the country. On the contrary, I am decidedly opposed to the Government hoarding its funds, and causing a general contraction and pressure. But, sir, there is reason in all things. He who should drive at the rate of five or six miles an hour might be a reasonable man, and would be likely to perform his journey in safety; but he who dashed on, Jello-like, at the rate of twelve to fifteen miles an hour, would be very likely to kill his horse, and perchance break his own neck, ere the journey was half performed. The Administration put the banks to the top of their speed, excited a general spirit of speculation in the community, till all were brought up standing, or run off the precipice. The number of the dead and wounded is not yet ascertained.

But, sir, to proceed to the third charge; and here I must consult brevity. The Secretary of the Treasury informs us that there were, in January, 1830, three hundred and thirty banks in the United States.

When the war was commenced upon the United States Bank, it was thought advisable to enlist the State banks in it, to form an alliance offensive and defensive with them, and to increase their numbers. In 1832-'33-'34-'35, and '36, most of the State Legislatures were in favor of the Administration; and they created the new banks. They were encouraged to do so by the General Government in pursuance of the doctrines of that day, that a United States bank was unnecessary, that it was an infringement of the rights of the States, and they were encouraged to make their own banks and currency. It is understood that the Globe, the official organ of the Administration then, as now, spoke the desires, opinions and wishes of the Administration. I will read but a single extract, from which it will be seen that, at that time, there were some statesmen wise enough to see the consequences of a general movement in the States for the creation of a brood of new banks; but such statesmen were then as now denounced. I read from the Globe of December, 1833:

"This new coalition, however, have labored in vain. The intelligent people of the West know how to maintain their rights and independence, and to repel oppression. Although from the beginning, every Western State is about to establish a State bank institution. They are resolved to avail themselves of their own State credit as well as of the national credit to maintain a currency independent of foreign control. Mr. Clay's presses in Kentucky begin now to show how vain are all their efforts to resist this determination of the people in the West. The Louisville (Kentucky) Herald says: 'From the indication of public opinion, as contained in the papers



from the States around us, there is every probability that banks will be chartered in the States of Ohio, Indiana, Illinois, and Missouri, and that efforts will be made to charter in this State (Kentucky) not only a State bank, with four or five branches, but several independent banks.' "

The *Globe* article concludes thus: "So Ohio, Indiana, Illinois, Missouri, and Kentucky, are resolved to take care of themselves, and no longer depend on the kind guardianship of Biddle, Clay, & Co."

Now the banks are denounced. Did they create themselves? No. Well, the States are now *chided* for having done what? Committing, as I think, a great error, in going to the extent they did, under the advice of the General Government. But let us see to what an alarming extent these State banks were increased. Several gentlemen of the Administration have consulted the tables, and arrayed in their speeches these new banks as an argument against all banks. There is nothing now so odious to them as a bank, and they talk of them as though they never had any thing to do with their creation. I refer to the tables for the purpose of *convicting* the party as the authors of them.

Sir, in 1820, there were in the United States only 308 banks, with a capital of \$137,110,611. In 1830, there were 330 banks, capital \$145,192,268. Loans and discounts \$200,451,214; circulation \$61,323,898. In 1834, there were 507 banks, with a capital of \$200,005,944; a circulation of \$94,839,570; loans and discounts \$324,119,499. In 1835, there were 704, with a capital of \$231,250,337; whose loans and discounts were \$365,163,834; circulation, \$103,692,495. In 1836, there were 713 banks, with a capital of \$251,875,292; loans and discounts \$457,506,080; and a circulation of \$140,301,038. In 1837, there were 788 banks, with a capital of \$290,772,091; loans and discounts, \$525,115,702; with a circulation of \$149,185,890. The above include the branches. From these tables you will see, Mr. Chairman, that in ten years, from 1820 to 1830, the increase of the banks was only 22. Then the United States Bank was in successful operation, furnishing to the entire country a sound, *uniform*, and sufficient currency. No *experiments* were tried during that period. From 1830 to 1837, the number of banks was increased from 330 to 788, an increase of 458 in seven years. During the same period, the capital of the banks was increased from \$145,192,268 to \$290,772,091, or more than doubled, while the loans and discounts were increased from \$200,451,214 to \$525,115,702; an increase of near \$325,000,000. The circulation was increased from \$61,323,898 to \$149,185,890, more than doubled. Sir, in my judgment there has been quite too rapid an increase in banks, in discounts, and in circulation; but who are responsible for it? Who caused these things? But if there has been error here, is that any good reason for now all at once turning against our own offspring and destroying them?

Before taking leave of these tables, I will remark that the *real circulation* is always much less than appears from these tables. This is an important error into which gentlemen fall. The *real circulation* embraces all the bills of the banks in actual circulation among the people. The *apparent* circulation taken from the statements of the banks added together, includes also the bills which the banks respectively hold, issued by other banks. Thus it is plain that if bank A has received \$100,000 of the bills issued by banks B, C, D, &c., and has them on hand, they are no part of the circulation among the people, though they so appear in these tables, being stated by banks B, C, D, &c., as a portion of their circulation. This fact is important, as I see all the gentlemen who have referred to these tables have fallen into the error. The difference between the *actual* and *apparent* circulation is always large; thus, on the 1st January, 1837, the banks held of the "notes of other banks," \$36,533,525, which, to ascertain the amount of the *actual* circulation should be deducted from the *apparent* circulation of \$149,185,890; thus showing that the *actual* circulation was only \$112,652,365. A gentleman has noticed these facts that I am aware of; they give extracts



from these tables, which, I am aware, are complicated and not easily understood, calculated to give erroneous impressions to the prejudice and injury of the banks. Let us, with all their faults, do them justice.

But, sir, I proceed. Nearly allied to the expansion of the banks is the question of the large foreign indebtedness of the States and the commercial debt, and gentlemen of the Administration take great pleasure in referring to them in the way of complaint and denunciation of the States for their imprudence, and the merchants for their reckless use of credit. And here, sir, it will be found, on a careful investigation, that the measures of the Administration superinduced overaction and overtrading.

The creation of new banks, and the expansion of the currency, for which I have shown the Administration was responsible, had a direct tendency to cause large importations from abroad. A system sprung up, during the late Administration, of employing or obtaining large commercial credits in England, which, in my judgment, was very reprehensible, and should never be again resorted to. Some of the importing merchants in this country resorted to the practice of drawing on the American banking houses or firms, as they were called in England, mere *accommodation* bills; that is, bills not drawn against any actual shipments. These bills were drawn on time, accepted by these American banking houses, discounted in England, and the proceeds sent to this country in British goods. The amount of these bills and credits thus obtained, became very large; and when the crisis came on, involved those banking houses in ruin, and seriously affected the Bank of England itself. Such a system set at defiance all former rules by which to ascertain whether the country was overtrading. The rate of *exchange* had always been, as it is between all commercial countries, the *barometer* by which to ascertain whether the country was pursuing a safe and prudent commerce; or in other words, how the actual balance of trade was. But, under this system, no one could tell. The rate of exchange did not tell; for commercial credit took the place of remittances, and exchange was below par at the very time we were running up a large commercial debt. And now, sir, can you believe that this very system was part and parcel of the plan of the Administration when the State bank system was devised, and the deposits removed from the United States Bank? Sir, this very system of obtaining commercial credits in Europe was first suggested by Mr. Kendall, in his report, from which I have already read. Listen to it, and then witness the daily denunciations now made by the betrayers of the people against the very course and policy recommended by them. I read from Mr. Kendall's report, on his return from his tour to organize the State bank deposit system:

"And if the principal banks in those cities will secure a credit in Europe, as it will be of interest, and is easy for them to do, upon which they can *draw for a few millions of dollars* when the irregularities of trade create a demand for specie for exportation, the monetary system of the country, regulated only by the natural course and real interests of trade and exchange, will be more perfect and less liable to ruinous fluctuations and changes than under its present any other artificial organization."

I have, sir, in thus animadverting upon this system, carefully refrained from referring to the State stocks sent abroad. They rest upon a different principle. They are usually on long time, and the amount issued and sent abroad could generally be better known than the amount of these private commercial bills. They, too, are issued for the purpose of importing from abroad what the people need for consumption, while a considerable portion of them are taken from the labor of production to the construction of the public works. It is true that a large portion of the proceeds of State stocks is brought home to this country in the shape of merchandise; and it is a fair debateable question whether the States have not issued their credit too freely, and pushed ahead in their splendid and stupendous works of internal improvement too rapidly. I am of opinion, though a warm advocate of most of these public works, that they have been prosecuted too rapidly; that



to say, that there has been in many of the States too *heavy a draft* made upon labor in favor of these works, which has been withdrawn from the *productive* industry of the country. If, however, an error, in this respect, has been committed, it has been one originating in State enterprise and State ambition, and to which they were invited by the action of this Government, and is, as I think, already corrected. The country is now full to overflowing of all the agricultural productions, and there is sufficient surplus labor in the country now to prosecute steadily and prudently these great and noble enterprises. But *time, time*, is necessary for their accomplishment. Sir, I have no sympathy or feeling in common with those who delight in *denouncing* their States for having issued their credits in aid of these great works, though they may, in their great desire to hasten the consummation of their noble schemes, have advanced, perhaps, with too rapid strides. But, sir, as to the *amount* of our indebtedness, State and commercial, abroad. I find that gentlemen generally in their speeches state it, in round numbers, at \$200,000,000. The President, in his last annual message, estimates that it "can scarcely be less than two hundred millions of dollars." The Secretary of the Treasury calculates the balance, run up against us during ten years preceding 1839, as equalling nearly one hundred and thirty-seven millions of dollars; and, taking previous indebtedness, he thinks the aggregate would be quite as large as has been estimated by many from other data. I know not to what other data than those furnished by his custom-house tables of imports and exports, and which he uses, he can refer. They are employed by all whose calculations I have seen. Sir, I believe the amount estimated for our foreign indebtedness is too large. The amount, at any rate, is larger than I wish it was, but why make it greater than it is? I hold, sir, in my hand an article which appeared in the Albany Argus last fall, in which this whole subject is largely discussed. I presume, though I have no knowledge on the subject, that it was prepared by Mr. Flagg, late comptroller of New York, as it is well known that from his report to the Legislature, a year or two since, most of the information, in relation to the amount of stocks issued by the different States, is obtained. After giving us numerous tables and calculations, drawn generally from the custom-house accounts, he concludes with several propositions, which he thinks he has established. I read the three first:

"1st. That at the close of 1830, so far as can be learned from the official statements of our exports and imports, we are about *square* with foreign nations.

"2d. That at the close of 1838 we were in debt from \$150,000,000 to \$200,000,000 to foreign nations.

"3d. That of such indebtedness, more than \$50,000,000 was for gold and silver coin imported in the last eight years."

It will be seen that the author of this article calculates that at the end of 1830, we were about *square* with all the world. (The national debt, since paid off, I understand, of course to be excluded.)

Let us now, sir, examine the custom-house accounts, which are common to us and the Secretary. I begin with 1831, the next year after it is said we are square with foreign nations, and I find that the imports from 1831 to 1839 inclusive, were \$1,189,046,991, the exports for the same period, were \$957,586,545 of which \$181,164,155 were foreign goods, (a portion of the same goods imported being exported,) leaving \$776,422,390 for the exports of the domestic productions of this country. Deduct the amount of *foreign goods exported* from those imported, and you have the amount of foreign goods left in the country for consumption, to wit, \$1,007,882,836, from which deduct the amount of the exports of the productions of this country to wit: \$776,422,390, it leaves as before a balance of \$231,460,446. Now, sir, what is the fair amount which should be added to the *domestic* exports for profit upon them, the earnings of freight, &c. for in these custom house accounts both the value of the exports and imports are estimated in this country. State the question thus: an American ship is freighted in New York, with one hundred thousand dollars' worth of the productions of this



country, as valued in New York. She goes to Europe, sells the cargo, and purchases with the proceeds merchandise which she brings back to New York. It is plain, sir, that the cargo she brings back will be worth more in *this country* than the one she took away, otherwise there would be no commerce carried on.

I have made inquiries of practical merchants, who have assured me that some twenty per cent. should be added, which is for profit, for freight, insurance, &c. This calculation would reduce our present indebtedness below one hundred millions; but, sir, call it fifteen per cent. and the amount would be reduced to about \$115,000,000. It will be seen that I have included 1839 in the above calculations, when the Secretary informs us that the imports exceeded the exports \$39,250,556, being an unusual large excess. The year as mentioned by the Secretary, and in the accounts, ends 30th September. Now, sir, we know that there has been very little imported since September last, and that the exports are very large. This commercial debt of 1839, must be very much reduced, if not nearly extinguished. We have the strongest reason so to infer from another important fact; exchange on England is, and has been all the winter and spring below par, and exchange is now a good barometer. The Secretary, in his calculations, allows no more profits during the last ten years than in the ten years next preceding that period, although the exports of domestic productions were much larger. This is undoubtedly erroneous. In conclusion, sir, upon this point, I may say that I doubt whether the entire indebtedness of this country abroad, exceeds from one hundred to one hundred and twenty millions of dollars, and nearly all of it is in stocks. And what have we for them? Sir, we have between 3,000 and 4,000 miles of railroad, costing from sixty to eighty millions of dollars, and canals of still greater value. Some 50 millions of this indebtedness is for *specie*, gold and silver, brought into the country as the proceeds of State stocks. I suppose sir, gentlemen will not object to this. At any rate, sir, when it was coming into the country, the Globe and the friends of General Jackson, called the attention of the country to it, and then with great exultation claimed for him high honors. Then it was General Jackson and his policy that brought the specie into the country; now the States are to be denounced for having issued the stocks with which the specie was obtained. Sir, there is nothing for alarm or despondency in our foreign indebtedness. Encourage, sustain, and protect our productive industry at home, and it can, in a reasonable time, be discharged. Perish the Jacobin suggestion, the thought, that any State in this Union should ever violate its *plighted faith*, by a refusal to pay its honest debts, though owing to foreigners.

Mr. Chairman, I come now to the consideration of the bill; and it is important to ascertain what it is—what new principles are involved in it. It has been commonly called the sub-Treasury bill, and was so styled for a long time by its advocates, till its very name became odious to the people. It was styled the sub-Treasury bill, or scheme, because numerous agents or officers were to be appointed in every part of the Union, who were to receive from the numerous collectors of the revenue the public moneys, and keep them as the sub-Treasurers or agents of the Treasury Department, to answer the drafts or warrants drawn upon them by the Treasurer of the United States. Thus another battalion of new officers was to be organized, to be supported by the people, and aid in devouring their substance. The name of the bill in some measure indicated its character; and, as its advocates were disappointed at the reception it met from the people, they have re-christened it, with the hope that another or more agreeable name might recommend it to the favor and fostering care of the people. They now call it the "*Independent Treasury*." What is the meaning of this title? What does it import? Does it really mean an independent treasury? A treasury independent of every thing? If its wise authors have really hit upon a scheme by which they can establish a *Treasury* independent, sustaining, supporting, and replenishing itself, without aid from any quarter, then, sir, they are entitled to be knighted.



at least, for their discovery, and to the eternal gratitude of this tax-paying and tax-ridden people. In all seriousness, sir, I confess that the idea of an *independent* treasury strikes me as something new under the sun. Is it to be independent of the people? Their own treasury to become independent of them! I fear, sir, whatever meaning the authors of this new scheme intended to convey by its name, that it will in practice become independent of the people; and that, in the hands of its authors, it will become a scourge to the land, extorting from the labor and industry of the country enough to satisfy its voracious demands, and feed the army of officeholders who are its advocates, and who look to it as a means, not only to perpetuate their power, but indirectly to increase their salaries.

Sir, the very title given to this bill has alarmed me. AN INDEPENDENT TREASURY in this country! In this age of the republic! Sir, that man has read history to little purpose who has not learned that the great struggles which have been carried on for ages between the monarch and his subjects, has been, on the part of the monarch, to organize and establish an independent treasury, to devise ways and means for extorting from the industry of the people the means of supplying the treasury without their assent. Sir, it was this very principle which caused our sturdy ancestors to raise the standard of independence. Their king, under the advice of a corrupt ministry, attempted to render his treasury independent by the imposition of taxes upon the colonies, in such a manner as to cause a stream to flow constantly into the treasury, whether the people consented or not; thus creating an independent treasury.

Sir, this Government, or any part of it, should never be independent of the power which created it—of the people, whose Government it is, and for whose benefit and protection it was established. If the people are embarrassed, distressed, and troubled, I desire to see the Government sympathize with them, and not draw itself up with proud disdain, and supply its own wants from its *Independent Treasury*—pay its army of officeholders in gold and silver, and, in a cold, unfeeling, heartless, and tyrannical manner, laugh at the distresses they have brought upon the people. But, sir, to an examination of the bill.

The gentleman from New Hampshire, (Mr. ATHERTON,) who seems to have the peculiar charge of the bill here, says it contains two great principles:

1st. It provides for keeping the public moneys by the people's agents. (Quere. Did he not mean the President's agents?)

2d. That it provides for the collection of the revenues, after a time, in the "constitutional currency," thereby meaning *gold and silver*; for these modern wise men have just discovered that no currency is congenial to the constitution but *gold and silver*, and that Washington, Madison, Monroe, and others, who made the constitution, knew nothing at all about it. How the world is advancing in wisdom!!! Well, sir, we can understand that the revenues are to be collected in gold and silver exclusively, but what effect this is to produce is not made quite so clear by gentlemen. Every man can see that it is to produce a great revolution, a great change in the entire practice of the Government hitherto; but gentlemen do not agree how it is to affect the currency and the business of the country.

Is it your intention, by the adoption of this measure, and by the manner of executing it, to destroy the banking institutions and a mixed currency, and introduce an exclusive metallic currency? Is this the object gentlemen have in view? Sir, these are important and pertinent inquiries, and should be definitively answered. The bill, in my opinion, may be so administered as to cripple, if not destroy, the banks. The question is, do gentlemen advocate it with that view? I have listened with considerable attention to the speeches made here, and endeavored honestly to learn what the Administration intend to accomplish on this point. If your object is the destruction of a paper currency—of a credit system, say so frankly to the people, and if they approve of it, so be it. If your object is to reduce greatly the amount of circulation in the country, say so, and let the people



know and prepare for the consequences, which we all know will be awful in the extreme.

Judging, sir, from the remarks of gentlemen here, I think no one would fail of arriving at the conclusion that they intend, by this measure, to bring about a great reduction in the amount of the circulation in the country; that they intend the measure to bear heavily on the banks, and to restrain them from furnishing a circulating medium for the people to transact their business with. I know, sir, that many gentlemen who have addressed the committee disclaim hostility to the banks, and some have said they are the friends of the State banks; but, sir, how happens it that the gentlemen who have addressed the committee on this bill have devoted themselves almost exclusively to animadversions upon the banks, paper currency, and a credit system, and their evils and abuses? If this bill is not to affect them—if it is to have no effect upon the banks, the paper currency, and credit, why are they topics of discussion? If the bill is to have no effect upon them, then these topics are irrelevant, and you, Mr. Chairman, who discharge the duties of our presiding officer with so much promptness and ability, should call gentlemen to order for irrelevancy in debate. Sir, look into speeches made by the advocates of this bill, and you find them filled, from beginning to end, with denunciations of banks, with tables and figures to show the evils and abuses of credit and paper money. Sir, look at the message of the President, which, it is said, is the ablest argument ever made in favor of this measure, and what do you there find? About one-third of the whole message is an argument in favor of this bill, and nearly all that argument is devoted to the banks, paper currency, and the credit system, the issues of the banks, their circulation; of all which he complains, and he proposes this bill. For what purpose, pray? Why, sir, I suppose, to remedy the evils of which he complains; as every law, Blackstone tells us, is intended to remedy some evil. I understand, then, sir, that the President intends this bill to affect the State banks, the currency, and the credit system, to restrain and repress their action. Well, sir, why did he not then boldly and frankly avow his object? He must have seen that his arguments lead to these conclusions. Did he fear that the people were not prepared for such a revolution—such a change—and would not, if they understood the measure, sustain him in it? It would seem so; for, after thus dwelling upon these great evils of banks, paper currency, and credit, &c., and recommending his Independent Treasury scheme, he pauses and says:

“I am aware that the dangers of inconvenience to the public and *unreasonable* pressure upon sound banks, have been urged as objections to requiring the payment of the revenue in gold and silver. These objections have been greatly exaggerated.”

After then stating the amount of specie which he supposes to be in the country to wit, \$85,000,000; and that only four or five millions will be wanted in the Treasury; and that the change is to be gradual, “with annual opportunities, in the meantime, to alter the law, should *experience* prove it to be *oppressive* or *inconvenient*,” he says:

“The portions of the community on whose business the change would immediately operate are comparatively *small*. Nor is it believed that its effect would be in the least unjust or injurious to them.”

Why, sir, after all, it is to have but little effect any way. It can hardly be called a remedial law. Good people, be not alarmed; the number upon whom it is to operate is “small.” You, generally, are not to be affected by it, and I have only been talking about “banks,” and the “credit system,” and “paper money” and “speculations,” to amuse my good friends, the real hard-money, locofoco, anti-bank, anti-credit portion of my party. My Independent Treasury scheme is not to affect you and your interests very *much*. Be quiet, and confide in me.

While pursuing this inquiry, as to the object the party intend or expect to



comply by this bill we are not left in doubt as to several of the most prominent leaders. They, sir, avow it in a manner which I think must be understood.

Mr. Benton, in a speech delivered in the Senate at the present session, recommends this country to copy after the hard-money countries of France, Holland, and Cuba. He says:

"To the Federal Government it belongs—as the preservation of the sacred fire belonged to the Roman vestals—to this Government it belongs, to preserve the sacred currency of the constitution. [Meaning gold and silver.] To this Government it belongs to do this; and to a long series of measures pursued for this purpose, for the last ten years, the establishment of the Independent Treasury now comes in as the crowning act to seal and consummate the whole."

Observe, sir, this last sentence. It is worth a moment's reflection. Turn your mind a moment to the history of the last ten years. What a confession is here! The United States Bank destroyed; the pet bank system adopted; the banks directed to extend their discounts and increase their loans till the country was involved in difficulties, and the system, from over-action directed by the General Government, broken down, and then one universal yell raised against them! What a confession! The people must be prepared by distress, by embarrassment, and misery to sweep the banks out of existence, and adopt the hard-money currency. Sir, it is well known that Mr. Van Buren and Mr. Benton were two of General Jackson's most prominent advisers. Did this scheme, then, of introducing a hard-money currency into this country originate with them? and has the "long series of measures" been "for the last ten years" "pursued for this purpose?" How the people have been deceived! Sir, let me read to you an extract from a speech delivered by Mr. Benton in the Senate in June, 1834, in opposition to the restoration of the deposits to the United States Bank and in favor of the State bank system.

"Mr. Benton proceeded to state several reasons, and to urge many considerations in favor of adopting it. He deprecated the spirit which seemed to have broken out against State banks, and said that it *augured badly for the rights of the States*. The strongest current of consolidation which was now observable in the Union, was that which sat in favor of the federal bank and against the State banks, and threatened to consolidate all moneyed power, and with it all political power, in favor of a great central institution, independent of the States, and able, by its own avowal, to crush the State institutions at its pleasure. He said this spirit against the State banks was an *impulsion of modern origin—unknown to the fathers of the republic and to the early history of the country*; and strongest now where the spirit of consolidation was strongest, and where the defence of State rights was weakest.

Contrast this with his recent remarks. It will be borne in mind that in 1836, the party had succeeded in giving the whole country an impulse. The banks had expanded, and apparently the highest state of prosperity existed. Hundreds and thousands had contracted debts calculating on the promises of the party that good times were to continue, when, without any warning, the specie circular was issued. This created a shock. The banks began to curtail rapidly for their own preservation, and distress followed. When Congress convened, a resolution was brought forward in the Senate to repeal the specie circular. Now hear Mr. Benton again. He had got the banks and the people sufficiently in his power. He opposed the circular and said:

"Gold and silver is the currency of the constitution. Those who attack that currency attack the constitution, and that in one of its most vital parts, and the very part which most universally concerns the people. Every citizen is concerned in the currency, and to attack the money which the constitution guarantees is to attack at once his rights and the sacred instrument by which he holds them."

Again, in the same speech he discloses the object of the war upon the United States Bank. Mr. B. said:

"It was incontestable that every nation must have a *national currency*. It must have such a currency, not only in name but in fact; and nothing can answer for national currency but that which combines two properties: first, uniformity of value all over the country; second, convenient *portability*. Silver possesses one of these qualities, but it lacks the other



gold possesses both, and the Constitution of the United States guaranties its use. *Gold* is, then, the constitutional national currency of the United States; and he held *all attempts to substitute paper in its place to be unconstitutional and pernicious*. Two national banks had been chartered to furnish a national paper currency; they have both been put down, after twenty years' trial of each, by the power of the people. When the first was put down, a fatal error was committed by those who did it, in *not restoring gold*; and that error was doubled by falling back upon local State paper, and adopting it for the currency of the Federal Government. Profiting by that great error, those who put down the second national bank *made it a part of their plan, and the part upon the success of which every thing was to depend*, that gold, and not local bank paper, should become the national currency of the Union. *This was the plan, and, in pursuance of it, many steps have been taken towards excluding local bank paper from the receipts and expenditures of the Federal Government, and introducing gold in its place*. The largest and most essential of these steps was the Treasury order of July last; and now, the present movement for the rescission of that order, and for the continuance of local paper in the receipts, and, consequently, in the expenditures of the Federal Government, brings up the question, whether gold or local paper is to be made the national currency?

"It brings up the question; for what the Government receives as cash it must pay out as cash, and what the Government receives and pays out becomes the currency of the Government also; for the people single-handed cannot make head against the action of the Government. The effect of the present movement, then, [the proposed repeal of the specie circular,] is to overturn the plan of those who put down the Bank of the United States, and to substitute for the national gold currency which they promised to the country, the actual paper currencies of all the States and Territories in the Union."

This speech was delivered in December, 1836. In May following the banks suspended specie payments. Comment upon these extracts cannot be necessary.

Mr. Calhoun, who has embraced this Independent Treasury scheme, and united his political fortunes with the success of this measure, avows with sufficient clearness his object. Speaking of the present condition of the currency he says: "For this diseased state of the currency there is but one remedy, to return to the currency of the constitution." He then maintains that nothing but gold and silver can constitute the constitutional currency, and says "the currency is in an unconstitutional condition." Sir, I need not read further. Several other Senators take the same view, and there are many in this House who are understood to concur fully with them. They then support this bill with the view of bringing about in this country an exclusive metallic currency, or nearly so; some of them maintaining that any other currency is unconstitutional.

Now, sir, is it desirable, if it were possible, to come down to an exclusive metallic currency? I think not, sir. It is more expensive, and less convenient. If the question were an original one, and we had never had a paper currency here, these propositions might, I think, be maintained; but now, sir, to abolish a paper currency—(when I speak of a paper currency, I mean always paper convertible at all times into coin. I go against all irredeemable paper)—would produce a great shock in the country. It would reduce the nominal value of property probably more than one-half, while it would not reduce the number of dollars "nominated the bond." It would operate a *fraud* upon all the debtor portions of community and bestow a bounty, a *largesse*, upon all the creditor portion. I will hereafter refer to this question; at present let us inquire as to the expense of sustaining specie currency; its loss by wear and tear; its consumption in manufactures, &c. Sir, I read from the supplement to the British Encyclopedia, article, Money.

#### *Expense of a currency consisting of the precious metals.*

"The ordinary tear and wear of the coins is by no means inconsiderable; and supposing expense of coinage to be defrayed by a moderate seigniorage, the deficiency of the weight of old worn coins must, when they are called in to be re coined, be paid by the public. There besides, a constant loss from shipwrecks, fire, and other accidents. And when due allowance is made for these different causes of waste, we do not think that it would be too much to suppose that a country which had fifty millions of gold coins in circulation, would have annually to report the fiftieth part of this sum, or one million of coins, to maintain its currency at its present level."



The total amount of the gold and silver currency of that kingdom, (France,) has been estimated by Neckar at 2,200 millions of francs; and by Penchet at 1,850 millions.

“Now, (the writer adds,) suppose the lowest estimate to be the most correct, and taking the rate of profit at only 8 per cent., this currency must cost France 148 millions of francs a year, exclusive of the tear and wear, and loss of the coins; which, being taken as before, at a fiftieth part of the entire mass, will make the whole annual expense amount to the prodigious sum of 185 millions of francs, or to about *seven and a half millions sterling.*”

The writer continues:

“This enormous expense certainly forms a very material deduction from the advantages which have resulted from the use of a currency consisting entirely of the precious metals, and has doubtless been the chief cause why, in an *advanced state of society*, all *civilized and highly commercial countries* have endeavored to fabricate a portion of their money of less valuable materials. Of these substitutes, paper has been by far the most generally resorted to, and is, in every respect, the most eligible. By using paper instead of gold, we substitute the cheapest in room of the most expensive currency; and enable the society, without loss to any individual, to exchange all the coins which the use of paper money has rendered superfluous, for raw materials or manufactured goods, by the use of which, both its wealth and its enjoyments are increased.”

Here, sir, from an able dissertation, you have the reasons why *civilized commercial communities* employ convertible paper for a portion of their currency, as a substitute for coin.

#### *Loss by abrasion.*

As to the loss of the precious metals by abrasion when coined and used for a circulating medium, I have consulted Jacob's very able work, entitled the “*Precious Metals.*” And, sir, I think you will find the loss by wear, by abrasion, much greater than you have supposed, unless you have turned your attention to the subject. Every man, on a moment's reflection, must know that the loss in this way is considerable. Take an American half dollar that has been circulating a few years, and it has become quite smooth and worn. From several actual experiments made in Great Britain at the mint, Mr. Jacob calculates that the loss on British gold is one part in six hundred annually, and on the silver coins, one part in two hundred annually; and this upon the calculation that one-third of it was at rest in the bank. Mr. Jacob has gone into a very long and learned investigation as to the amount of coins possessed by the ancients. The power that predominated and subjugated all others to its sway, soon, by their exactions of tribute, and their system of taxation, got possession of the greater portion of the precious metals. Indeed, we know that in ancient hard-money times, the wealth of a monarch was a strong inducement to make war upon him, and seize his hoarded treasure. Solomon said that the love of money was the root of all evil. He referred to hard money, the precious metals. The great amount of treasure which Darius possessed, was a strong inducement to Alexander to make war upon him.

Mr. Jacob estimates that at the death of Augustus, in the year 14, there was in the Roman Empire £358,000,000 of coined money, five-sixth of which was silver, and one-sixth gold; that the loss on the whole quantity from wear was *annually*, one part in 360, or a thirty-sixth part in ten years. He gives us an interesting table of the gradual reduction by wear of this amount, down to the termination of the Western empire, or the year 482. I have copied it for the inspection of the curious:

“We suppose that in the year 14 the gold and silver amounted to £358,000,000. Deduct 1 per cent. for wear, there would be—

the year 50	-	-	£322,200,000	In the year 302	-	-	£147,374,380
86	-	-	287,980,000	338	-	-	132,636,940
122	-	-	259,182,000	374	-	-	119,373,248
158	-	-	233,263,800	410	-	-	107,435,924
194	-	-	209,937,420	446	-	-	96,692,332
230	-	-	181,943,678	482	-	-	87,033,099.”
266	-	-	163,749,311				



What influence the want of a sufficient currency had in bringing on the dark ages, when civilization and science and commerce nearly expired, it might be interesting to inquire ; but I proceed, sir, to some considerations in relation to

*The consumption of the precious metals in the arts and manufactures.*

If, Mr. Chairman, we are to resort, in this country, to an exclusive metallic circulation, it is indeed very import to ascertain, as near as possible, what stability there will be in such a circulating medium. I have already submitted some remarks upon the loss constantly sustained by abrasion, and also, as to the expense of sustaining a circulation consisting of the precious metals. I will now call the attention of the committee to another very important consideration affecting the quantity of the circulation, I mean the continual *consumption* of the precious metals by jewellers, gold-beaters, and the numerous classes of artisans, employed in working up the precious metals. The quantity thus used will, I apprehend, be found to be much greater than gentlemen, who have not turned their attention to the subject, have supposed. In this inquiry, I have been mainly indebted to "Jacob on the Precious Metals," already referred to.

Mr. Jacob estimates the whole amount of the coined money in Europe, in 1809, at £380,000,000. He has gone into a very extensive and minute inquiry of the quantity of the precious metals worked up in Europe between 1809 and 1829. He says, after stating at large his proofs and means of information, "he would then state the actual conversion or application of gold in Great Britain to be :

Fine gold used by gilders of the several kinds,				
and by platers	-	-	-	88,000 ounces.
By jewellers of all kinds	-	-	-	58,000 "
				<hr/>
			146,000 at £4 7s. 6d. -	£638,756
Standard gold used by jewellers	-	-	232,000 at £3 17s. 10½d. -	902,270
Gold watches, viz. in London, annually, 13,820, in Birmingham 600, in all the other places about 300; in the whole 14,720 watches, which average two ounces each, being 29,440 ounces, which, being only of 18 carats, may be valued at £3 5s. per ounce	-	-	-	95,68
				<hr/>
				£1,636,70

Thus showing a consumption of over a million and a half pounds sterling of gold annually in Great Britain, worked up by her artisans in the precious metals annually.

The quantity of silver thus annually worked up, amounts to £820,521, which added to the gold, shows a total of £2,457,221.

He states the amount for the whole of Europe, thus :

" Great Britain	-	-	-	-	-	-	-	£2,457,22
France	-	-	-	-	-	-	-	1,200,00
Switzerland	-	-	-	-	-	-	-	350,00
Estimated amount for the rest of Europe	-	-	-	-	-	-	-	1,605,49

Thus making £5,612,71

It is here important, and will certainly be interesting to bring the amount the quantity of the precious metals or coin down from 1809 to 1829, and ascertain whether the supply from the mines has kept pace with the *consumption*, and the loss by wear. On this subject, Mr. Jacob sums up his investigations thus :

"We have estimated the stock of coin in existence at the end of 1809 to have been three hundred and eighty millions of pounds; and the additions made to it between that period and the end of the year 1829, at the rate of £5,186,800 annually, would make it one hundred and thirty millions seven hundred and thirty-six thousand pounds.

From the 380,000,000 of coin, in 1809; we deduct for loss by abrasion, at the rate of one part in four hundred and twenty in each year, which in the twenty years, would amount to £18,095,220, thus leaving in 1829

	-	-	-	-	£361,904,0
To which may be added the supply from the mines	-	-	-	-	103,736,0
					<hr/>
Thus showing	-	-	-	-	£465,640,0



From which must be deducted that converted into utensils and ornaments	-	-	-	-	£5,612,611
And that transferred to Asia	-	-	-	-	2,000,000
					<hr/>
Annually	-	-	-	-	£7,612,611
Or in twenty years	-	-	-	-	£152,252,220
					<hr/>
This would show the estimated amount, at the end of 1829 to be	-	-	-	-	£313,388,560
Or less than, at the end of 1809	-	-	-	-	66,611,440
Or a diminution of nearly one-sixth part in twenty years."					

Mr. Chairman, these are facts worthy the reflection of statesmen. All agree that the supply of the precious metals from the mines has greatly diminished during the nineteenth century, as compared with former periods. Whether the supply is still on the decrease, as compared with recent years, I am unable to say; but I am inclined to the opinion that it is.

Sir, if the working of the mines were to cease, and all new additions to the precious metals now in the commercial world were to stop, how long a time would be required to reduce the quantity of coin one half, by consumption and abrasion? It is probable, sir, as the coined money grew scarce and rose in value, that its consumption in utensils and ornaments would also abate; indeed, the State might perhaps, by law, prohibit the use of the precious metals in this way; but man possesses no power to cause their wear and tear, and loss by fire and water to cease. But, sir, I grant you it is not fair to assume that the supply from the mines will ever entirely cease; but I maintain that the supply will not probably, under favorable circumstances, be more than sufficient to maintain the present amount of coin to keep it good; and I think this a liberal calculation in favor of the advocates of a hard-money currency.

What consequences will ensue under such a state of things? Sir, we will suppose paper money abolished, annihilated, and that we have passed through the painful change from a mixed circulation, by which the value of property has been measured, to one composed exclusively of the precious metals, and that all things have conformed to the new standard; that the creditor of the present day has taken possession of all the property of his debtor; and that labor and all things produced in this country have found their specie value: what then? Sir there would not be a sufficient quantity of the circulating medium to "*circulate*" the exchangeable commodities of the country. There would be an insufficiency of currency, and the productive industry of the country would be paralyzed; or it would be compelled to resort to the clumsy system of *barter*, or exchanging one article for another, without a common standard of value. Sir, under such circumstances, production would decline. The inducements to produce any more than could be once disposed of would be weakened, and the people would cease to enjoy, to the extent they now do, the comforts of life. They would not be so comfortably clothed and fed as they now are, and the great mass of the people would be obliged to deprive themselves of most of those articles of comfort and luxury, from foreign countries, in which they now are able to indulge. Again, sir, your population is constantly increasing, and spreading itself over a wide territory, and you want a corresponding increase in the circulating standard of value, without which the prices of labor and all property will, in adjusting themselves to the amount of the circulating medium, be constantly on the *decline*; and it is asserted by all writers on the subject, that while the currency is on the decrease, in any country, that country cannot prosper: on the contrary, great distress will prevail, laborers will be thrown out of employ, and production will be curtailed. This is obvious enough; while prices are on the decline, who will buy to sell again? Money will be hoarded, for it will be more valuable to-morrow than it is to day. Sir, were it necessary, I could cite numerous authorities to sustain these positions; but I will only refer you to Mr. Crawford's report in 1820, upon the currency. He says:



"All intelligent writers upon currency agree, that when it is decreasing in amount, *poverty* and *misery* must prevail. The correctness of the opinion is too manifest to require proof."

Mr. Chairman, the advocates of this bill, as I have already said, intend that it shall in practice have a powerful effect upon the *amount* of the circulation in the country. They intend that it shall greatly *reduce* that amount, and many of them desire it to be so administered as to curtail and greatly abridge, if not destroy, the entire credit system. Will the measure have this effect? I think so; indeed, we know that it will. The revenues are to be collected in gold and silver only. Where are they to come from? Why, sir, from the banks of course, and from the people in the country, collected from them by their merchants, and transmitted to the points of collection of revenue. The banks, then, must curtail their issues, and keep themselves ready for drafts for specie, even if there is no attempt made to break them down. Now, sir, what effect will all this have upon the present condition of things; upon the labor, the prosperity of the country, and particularly upon the contracts now existing? Sir, it is plain to any ordinary understanding, that any considerable increase of currency in a country, all other things remaining the same, such as the population, the productions, and consumption, &c., will occasion a rise of prices; the price of labor, land, and property generally will advance; and, as a consequence, he who had contracted a debt and who to pay it relied upon his own industry, or the sale of property, would be able more easily to pay; in other words, his labor, or the productions of his farm or shop, bearing a higher price, he could in a shorter time pay the debts. It will be seen that this process would be prejudicial to the creditor; for, although he would receive the whole number of dollars due him, those dollars would not purchase as much property for his support as they would when the debt was contracted.

Now, sir, the converse of this proposition is also true. Any great *reduction* in the amount of money, or circulation in a country, other things being equal, will produce a decline in prices—a reduction of the price of labor, and property, and all the *productions* of the country; but it will have no effect upon the price of all those articles imported from foreign countries, because their price is fixed by the country from which they come. For instance, though you may, by the reduction of the currency here, in this country, reduce the price of wheat to fifty cents a bushel, and of a day's labor to twenty-five cents, you will not reduce the price of tea, coffee, and the thousand foreign articles which are imported into this country, and bought and consumed by nearly our whole people. The effect which this reduction is to have upon all existing contracts will be very great, as is obvious on a moment's reflection. If the price of labor, and all property is reduced, the ability of the debtor to pay is reduced in the same proportion. A debtor now owes one hundred dollars, which he can now pay with one hundred days' work; reduce labor to fifty cents a day, and it will require two hundred days' labor to pay the debt. A farmer has purchased a farm for two thousand dollars; he has paid one thousand, and given his bond and mortgage for the balance. At the time he purchased wheat was worth, say \$1 50 a bushel, a good pair of oxen \$80 to \$90, and all the other productions of his farm bearing a price in proportion. He has made his calculations, sir, that he can support his family; pay his taxes, &c., and from the surplus productions of his farm, pay the bond and mortgage in a given period. Well, sir, the currency of the country is reduced, the price of his productions have declined one half; he can only sell his wheat for 50 to 75 cents, his oxen at \$40, &c.; is it not plain that it will now require *twice* as long to pay for the farm? No one will dispute this. But this is not the extent of the injury done him. No, it will take more than twice as long to pay the debt; for you will see he is to keep the interest paid annually, which, say \$70. As prices were when he purchased the farm, he could pay \$140 a year, that is the interest and \$70 of the principal. Now he can only pay the interest



and he can never pay for the farm; and after having paid a thousand dollars down, and toiled and labored for years, he gives it up and loses all. This is obvious to any one. And this is what is meant by saying that the debt has been practically *doubled*. It has, in fact, as compared with all other things, doubled in value to him who holds it; for it is plain that with the \$70 interest paid him annually, he can purchase for the maintenance of himself and family, twice or more as much of every thing produced in this country. The number of dollars in the bond remain the same. Now, sir, can any one fail to see the *bare faced injustice* in such a change, such a revolution? and when that change is brought about by the action of the Government, it is in the highest degree *tyrannical*. The Government, as I have shown, commanding the banks to enlarge their issues, to furnish *facilities* to merchants and others, by its action inviting all to embark in enterprises requiring capital, promising them that they should have a good and sufficient currency, that good times would continue; and having succeeded by its measures in involving the whole country in debt and difficulty, now *rein up*; change its entire policy; demand specie for its own purposes; destroy the currency which existed when the people contracted their debts; *compel* a great and enormous decrease of all the currency, of all kinds! Sir, is there not the rankest *injustice and tyranny* in all this? But let us pursue this subject a little. It can be shown that the mechanic, the day laborer, is also injuriously affected by a decline of prices; indeed all classes, except the man who owes nothing, and has money due to him. He is to be very greatly benefited, and so, also, all those who receive fixed salaries, the officeholders; those who receive annuities, pensions, or fixed rents; in fine, it operates to the ruin of debtors, and the upbuilding, the enriching of all creditors who owe nothing themselves. Sir, the district I have the honor to represent has been settled, and the wilderness subdued, by those who purchased their lands on credit. It was the country to which the poor, but industrious man could go and obtain, on credit, a farm in its wild state; and with industry and economy, in a few years pay for it, and thus become an independent freeholder. Without credit, most of them must have forever remained in the older parts of the country, deriving a support from their daily labor. And yet our system of credit, in all its forms, is denounced as a system of legalized fraud. But, sir, my constituents still owe a large amount for their farms, (and whose constituents, I ask, are not in debt?). Many of them by great industry, economy, and perseverance, have made large improvements upon their farms; built houses, and barns, and planted orchards. They still owe for their lands a debt which they were gradually reducing and extinguishing, under a system which paid them fair and liberal prices for their productions. Now, sir, under the new state of things, with low prices, how long will it require for them to extinguish the debt resting upon their farms? Sir, these debts, so far as the means of payment are concerned, with the price of their surplus productions reduced one-half, are doubled; it will take twice the quantity of wheat, corn, and cattle, to discharge them. Will they submit quietly to such unjust interference on the part of Government, with the currency? No, sir, I can speak for them. They will not.

Mr. Chairman, gentlemen in advocating this bill, by denouncing banks and a credit system, have frequently referred to the absolute Governments of Europe, and we have been gravely told that many of those Governments have refused to permit the existence of banks, to authorize any currency but gold and silver. Why, sir, do not gentlemen know that in all monarchical absolute Governments, the monarch has always endeavored to control the money and currency of the country; to restrain all credit, except his own credit, for the very purpose of keeping the people in subjection; for the purpose of keeping down the price of labor to the lowest possible point, so that the great mass of the people may obtain barely sufficient to support the actual demands of nature, without being permitted to indulge in any of those luxuries which have been so long used by all classes of



people in this country, that they have actually with us become necessities of life. There is no people on earth where the great mass of the people are so well fed and clothed as the people of the United States; and where property is so generally diffused. In despotisms, he that is born poor, lives poor, labors hard, and dies poor. He who is born rich, lives on the labor of the poor, and thus the human family is divided into two great classes—the Aristocracy and the Peasantry; the former subsisting upon the labor of the latter. Here, sir, we have no such distinctions; credit has set at defiance the decrees of despotism. In this country, it is the capital of the poor, honest, industrious man; and when he begins his career in early life, with a bold heart and strong arm, he walks forth erect, as the Author of his existence intended he should, and relying upon his own industry and integrity, bidding defiance to the chilling and paralyzing decrees of the despot, he avails himself of the state of things around him, and by a judicious and prudent employment of credit, founded upon industry, economy, and integrity, in a few years obtains for himself and family competency, and often wealth. Sir, a prudent system of credit is the dispenser of wealth; it equalizes property among the people; it breaks down the barriers which exist in tyrannical Governments. This the sagacious Emperors of Russia and Austria know full well. Monarchs have always desired to have the entire control of the currency of the countries they rule; by means of this power, they can suppress the rising ambition of the people. They can, and often have, changed the value of the money. I have endeavored to show, sir, that for any Government to make sudden changes in the value of money, or the amount of the circulation, is a fraud upon a portion of the people, and operates prejudicially upon the industry and prosperity of the country. Let me read a few authorities. In an able treatise on “money and its changes in value,” which I have consulted, the author maintains that a change in the value of money always affects, injuriously, either the debtor or creditor class of community. He says:

“The advantage to one party, and the disadvantage to the other, are inseparably interwoven. Now, it cannot be for a moment maintained to be the legitimate object of any Government to increase the prosperity of one portion of the community at the expense of another; or to effect it by the virtual *transference* of property from one man to his neighbor, without his knowledge or consent. Nothing is more certain, however, than that such a transference is the result of any change in the *quantity* of currency affecting its value.”

Again, sir, I read from the supplement to the Encyclopedia, already referred to:

“*Of changing the value of money, thereby altering the stipulations in contracts.*”

“To make any direct alteration in the terms of the contract entered into between individuals, would be a degree of *bare-faced oppression* and of *wanton and tyrannical interference* with the *rights* of property that would not be tolerated. Those, therefore, who have, hitherto, endeavored to *enrich* one part of society at the *expense* of another, have found it necessary to act with great caution and reserve. They have been obliged to substitute artifice for open and avowed injustice. Instead of directly altering the stipulations in contracts, they have ingeniously be-thought themselves of altering the *standard*, by a reference to which those stipulations had been adjusted.

“They have not said, in so many words, that ten or twenty per cent. should be added to or deducted from the mutual debts and obligations of society; but they have really effected the same thing by making a proportional change in the value of the currency.”

Observe here, sir, the strong language employed. Again:

“Every addition to the *value* of money must make a corresponding addition to the debts of the State [when there is any State debt] and of every individual; and every diminution of its value must make a corresponding diminution of those debts.

“Suppose that, owing to an increased difficulty of production, or to the increase in the quantity of bullion contained in coins of the same denomination, the value of money is raised 20 per cent., it is plain that 20 per cent. is in consequence *added* to all the various sums in which one part of society is indebted to the other part. Though the nominal rent of the farmer, for example, is not increased, he continues to pay the same number of pounds or livres as formerly; but the pound or the livre is become more valuable, and requires the sacrifice of *one-fifth* part more of corn or labor, or of any other commodity whose value has remained stationary, to obtain them.



"On the other hand, had the value of money fallen 20 per cent., the advantage, it is plain, would have been all on the side of the farmer, who would have been entitled to claim a discharge from his landlord, when he had paid him only four-fifths of the rent he had really bargained for."

"The necessities or extravagances of Governments have forced them to borrow; and, to relieve themselves of the incumbrances they had contracted, they have almost universally had recourse to the disgraceful expedient of degrading the coin—that is, of *CHEATING* those who had lent them money to the extent of the degradation, and of enabling every other debtor in their dominions to do the same."

Sir, this high-handed and tyrannical measure of degrading the currency, which, in former times, was often adopted in despotic Governments, is characterized by this writer, and by all the writers on political economy, as a *disgraceful expedient* adopted for the purpose of *cheating* their creditors and all their subjects who, upon the balance-sheet of their accounts, may have been creditors.

### *Appreciation of the coin or currency.*

"The principle of degradation has not, however, always been acted upon. The quantity of bullion contained in coins of the same *denomination* has sometimes, though rarely, been increased, and *creditors* have been enriched at the expense of their debtors. This method of *swindling* his subjects, is said to have been first practised by Heliogabalus. The Roman citizens being bound to pay into the Imperial Treasury, not a certain weight of gold, but a certain number of peices of gold, or *aurei*, the Emperor, whose vices have become proverbial, in order to increase his means of dissipation without appearing to add to the weight of the taxes, increased the quantity of the metal contained in the aureus, and thus obtained by a *dishonest trick* what it might have been difficult for him to have obtained by a fair and open proceeding."

Sir, it is quite probable that this *cunning* Roman Emperor took the idea of thus increasing the taxes of his subjects from a proceeding of Licinius, who, in his government of the Gauls under Augustus Cæsar, divided the year into *fourteen* months instead of twelve, because the Gauls were compelled to pay to him for the support of Government, a certain *monthly* tribute.

After giving a history of raising the value of the coins in France, England, &c., the writer condemns it, and adds:

"Invariability of value is the great desideratum in a currency. To elevate the standard after it has been for a considerable period depressed, is really not a measure of justice, but the giving a new direction to injustice. It vitiates and falsifies the provisions in one set of contracts in order properly to adjust those in some other set."

Suppose, sir, that all the gold and silver money in the United States was recoined, and the quantity of silver now contained in the dollar put into a half dollar, and the quantity of gold now in the eagle put into the half eagle, without changing their denomination or name, it is plain that the *number* of dollars in the United States would be reduced one half, and thus the coin would be *appreciated*. The half dollar would buy as much property as the dollar now does; but, as the stipulations contained in contracts are not changed, the debtor would be obliged to pay the same *number* of *dollars*, or, in other words, twice as much in weight of the precious metals, and a fraud would thus be practised upon all the debtors in the country. The number of dollars would be reduced. Now, sir, it is plain that the same effect is produced upon the debtor by a reduction of the circulation (other things being equal) one-half, whatever that circulation consists of, whether of paper or coin, or of both; and this is the doctrine laid down by the author on "Money, and its Changes in Value." This doctrine is also sustained in the report of the Committee of Ways and Means in 1830, already referred to. The report says:

"Bank credit and bank paper are so extensively interwoven with the commercial operations of society, that even if Congress had the constitutional power, it would be utterly impossible to produce so entire a change in the monetary system of the country as to abolish the agency of banks of discount, without involving the community in all the distressing embarrassments usually attendant on great political revolutions, subverting the titles to private property."

"The sudden withdrawal of some hundred millions of bank credit, would be equivalent in its effects to the *arbitrary* and *despotic* transfer of the *property* of *one* portion of the *community* to *another*, to the extent probably of half that amount."



Will the people of this country ever consent to so great injustice?

Mr. Chairman, it has been said that this bill creates a Treasury bank. Its advocates deny this. Now, sir, I think I have already said, if not I will now say, that I have been, and still am in doubt, as to what system the Administration intend to build up under this bill. It certainly authorizes a Treasury bank, and I am astonished that any gentlemen should deny it, especially any one who has gone into an extensive history of banks and banking. There are many kinds of banks—banks of deposite, banks of deposite and discount, and banks of deposite, discount, and circulation. Now, sir, under this bill, the Secretary can make a bank of deposite and circulation. He can make it what the first bank of Amsterdam was. By this bill the revenues are to be collected in gold and silver and *deposited* with the receivers general, who are to keep it in deposite safely to answer the drafts of the Treasurer; so far, then, it is certainly a bank of deposite. Now, Sir, for the *circulation* part of it: the Treasurer is authorized to draw drafts in favor of any public creditor, or for any public expenditure, on the deposite, and deliver that draft to the public creditor, or any disbursing officer or agent in the country, who is authorized to exchange the draft for gold and silver. Now, sir, here is your circulation. The Treasurer gives a draft upon the depositary which may circulate all over the country: the cashier or president of the bank of Amsterdam gave a certificate of deposite which circulated as money. Well, but say gentlemen, it is not intended that these drafts shall circulate long. Why allow them then to be sold? But, say you, they are to be soon presented for payment, and the Secretary is authorized to provide and “publish regulations to enforce the speedy presentation of all Government drafts for payment, at the place where payable.” So, sir, are the president, directors and company of all the banks I ever knew, authorized to make by-laws. Sir, you permit the drafts to be used for circulation, and the moment you do that you yield the question. Having got into circulation, if they are of convenient denominations—and the Secretary can issue them of any denomination—they will remain in circulation; because, if drawn upon the receivers general in your great commercial cities—as most of them must be—(for there the revenue is principally collected,) they will be better than specie, more convenient, more easy to carry about. If the Secretary chooses, he can issue to any public creditor the whole amount owing to him in drafts of the denomination of five dollars. They can be prepared just like bank bills, and will look just like them; instead of being signed by a president of a bank, they will be signed by the Treasurer of the United States. Sir, it is idle to deny that such may be its operation, that the bill authorizes all I have here said. Gentlemen say, Well, you are in favor of a national bank, why then object to this? Is this a fair retort? A national bank, which is a mere instrument of commerce, which participates in all the industrial enterprises of the country, having no connexion with parties, contrasted with this political Treasury bank, which, if honestly conducted, will draw from the banks and the people one dollar in specie for every dollar of circulation in the form of drafts, it issues, thus crippling the banks, curtailing circulation, and lessening the currency. All this, sir, is perfectly plain. The President in recommending this scheme, tells us he will only want some *four* or *five* millions of dollars at any one time, in the hands of these receivers general; but, sir, can it be so administered as to accumulate more? That is the question. And say, sir, it can, and I believe it will be; indeed I do not believe that the Secretary can prevent, if he were desirous of doing so, the constant accumulation of gold and silver in the hands of these receivers general. And this is, perhaps, the most dangerous and alarming feature in the scheme. It is the one, by means of which all the banks in the country may be broken down, as I can demonstrate in a very few words. Say that the amount of the collections and disbursements of the General Government are twenty-five millions annually, the process of paying this in to the Treasury or to the depositaries is going on all the time, and the Treasurer



also daily drawing his drafts upon the amount collected ; he delivers these drafts to the public creditor or the disbursing agents, and they go into circulation ; they are not presented to the receivers general for payment, (say none of them are presented during the year,) is it not plain that at the end of the year the deposits will amount to the twenty-five millions ? But, sir, say that *three-fourths* of these drafts are in fact promptly presented and paid, and they thereby unlocked and again put in circulation, and the specie thus disimprisoned, and one-fourth or over eight millions remain in deposite, in five years the accumulation would amount to over forty millions of specie. I am inclined to think that by that time the banks would be pretty flat, and the people would not have much sound currency, except the Treasury drafts. Now, sir, this is so, and the bill may be so executed, and what a tremendous power is here. How startling is this view of it ! Sir, if a despot had ever so far forgotten himself as to have permitted his subjects to enjoy the credit system, and had become alarmed at their advances towards freedom, and their encroachments upon *his* power, and he had desired to again reduce them to a complete state of vassalage and subjection, he could not have hit upon any better scheme to accomplish his object than this sub-Treasury scheme. By it he could soon bring within the vortex of his power all the interests of his country. Get possession of all the money, and all would follow that a tyrant could desire.

But, sir, even if the precious metals are not permitted to accumulate, still this bill may be so administered as to destroy any bank which the Secretary or President may select, and thus cut them up in detail. The banks, knowing this, will be very likely to submit to the wishes of the President or party in power, and thus the President may arm himself with the whole banking power of the country. You ask, how may this be done ? You recollect that the Treasurer may issue his drafts to disbursing agents, who are authorized to *exchange* them for specie. Very well. The President decides to destroy a bank, say in Detroit. The bank has a circulation say of one hundred thousand dollars, with twenty thousand dollars specie in its vaults, and the merchants of Detroit have in deposite in the bank twenty to thirty thousand dollars. The bank, upon ordinary banking principles, is perfectly sound, but its ruin is resolved upon. The Secretary will send up to a disbursing agent in the neighborhood, in the shape of drafts on the New York receiver general, thirty thousand dollars, in sums of from five hundred to a thousand dollars each, with directions to go into the city of Detroit and "exchange" the drafts *at par* for specie. The agent understands the object. He goes, and, if you please, offers the drafts to the bank. These drafts on New York are worth a premium of one or two or more per cent., and are desirable. The bank would be glad to take them, and would probably take ten thousand dollars. But whether the bank took any or not, the agent would call on the merchants who wish to remit to New York, and offer them the drafts. They would gladly take them at par ; and, as they must pay in specie, they would instantly draw from the bank their deposits in specie, and present all the bills of the bank they had or could get, and draw the specie on those, and thus, in one day, the bank would be compelled to stop specie payments. What was done in this case may be done to any other refractory bank in the United States. Are you prepared, sir, to adopt a bill, and confer these enormous powers upon any political party ? Are we tired of Liberty ? Has she so few charms that we are willing to surrender her up a sacrifice on the altar of Executive power ? Does the condition of our beloved country demand such a sacrifice ? Our fathers were jealous of *Executive power* ; but it seems to me, sir, that we are tamely yielding to the Executive all he asks, all he demands.

One word more, sir, as to Executive power, about which so much has been said and written. It has been the theme for the pen of the historian and statesman, and for the tongue of the orator. The struggles between the power of the Executive and the people have involved nations in civil war, to the destruction



of thousands of lives, and the shedding of oceans of blood. But the single word as to Executive power here. I ask this question: If Mr. Van Buren, at the extra session, had not proposed this sub-Treasury scheme, but it had been brought forward by a member of this or the other branch of Congress, with the understanding that it was against his wishes, how many supporters would the project have received? Answer this question, sir, and then you can tell how much Executive power has to do with this measure.

But I object further to this bill because it will involve a large expense annually. It will increase the expenses of the Government, when there is no necessity for it; and Heaven knows that the expenditures of this Government have become sufficiently large. Sir, on reading this bill I could not refrain a smile at the bold attempt to gild this pill for the people, by endeavoring to satisfy us that its execution would cost but a trifle. There are six depositaries and ten clerks, who together are to receive some \$20,000 a year only, and they are to receive and safely keep and pay out all the public money. Why, sir, do you suppose that ten clerks are to receive, count, and pay out all the revenues, and keep the accounts, &c.? It is all idle and ridiculous. The number, sir, in a short time will be increased to a hundred, and the expense to from \$75,000 to \$100,000. We all know how the number of public officers are increased; but, sir, notwithstanding the great particularity as to the number of clerks and their salary, I find that there is here a power given to the Secretary to appoint an *unlimited* number of *special agents* to visit these depositaries for the purpose of counting the money and examining the account, with an authority to allow them "*any compensation he may think reasonable.*" Sir, I would not vote for this bill with this power in it, if I approved of every other provision in it. Authorize the Secretary to confer appointments upon as many as he pleases, with such compensation as he pleases, to make the *tour* of the United States, to travel for pleasure, and be paid for it, to perform political missions at the expense of the people! I am opposed to this whole special agency system. Take up your Blue Book, your public documents, and ascertain how much has been paid to special Indian agents, to gentlemen who desired to visit Wisconsin, and other parts of the country. Sir, I ask too much of you to find out the amount; the accounts are so stated, so jumbled, and mixed up, that it is nearly impossible to ascertain any thing from them. I have endeavored most faithfully to ascertain how it is that the expenditures of this Government have increased so enormously within ten years past; I wish to account for it; I can read the tables, and learn that the fact is so; but why is it so? What has been done with the money? I find that others, Senators and members of this body, older and abler than I pretend to be, are equally bothered, and many of them I believe more so. I know the Secretary tries to give us some explanations about it, but *his explanations* always need *explaining*. He tells us that the *increase* of expense has not generally kept pace with the increase of population and wealth. Well, this must be consoling. And my colleague, (Mr. VANDERPOEL,) if I recollect aright, some time since, in a speech in defence of the expenditures of the Administration, also laid down the same rule. Well, sir, by this rule, then, I suppose the public expenditures are to increase in the ratio of the increase of *population*, so that when our population shall be some thirty-two millions, the expenditures, instead of being thirty millions, are to be sixty millions. This is a new rule, and not surely a very consoling one. Are our Presidents and Secretaries, and all other public officers, to increase in the same ratio? If not, pray tell me why the expenditures should? Or is it because more people can pay more taxes, and therefore they should be raised? But, seriously, neither the Secretary nor my colleague seem to be entirely satisfied with their own explanations. Some year or so ago the Secretary was called upon by a resolution to send us a statement of the entire expenditures for each year, from 1824 to 1837 inclusive. He sent us the answer, showing that the expenditure in 1829, "ex-



clusive of the public debt" was \$12,660,460 62, and in 1837 \$39,164,745 37. (There is a note to this last sum, thus: "This sum is subject to small variations on the settlement of the accounts of the Treasurer.") Considerably more than doubled in eight years. Well, sir, this document, so far as I recollect, attracted but little attention here: but some month or two ago, some very impertinent whigs, in their very impertinent researches, found the said document, and had the audacity to publish it in large numbers, appending their names to a certificate that it was genuine and official, and to circulate it very freely among the people. Well, sir, this gave great offence, and a distinguished Senator (Mr. BENTON) had a resolution adopted in the Senate, calling on the Secretary to restate the account in a manner specified in the resolution, to wit: in three columns, showing the objects of the expenditures. The Secretary sent in his response, and the Senate ordered, I believe, 30,000 extra copies of it to be printed. And now, sir, if this *last* document does not furnish clearer proof of the *prodigality* and extravagance of this Administration than the former one, then, sir, I am no judge. The first table contains three columns, the last of which shows "the aggregate amount for permanent and ordinary purposes, excluding payments on account of objects either extraordinary or temporary."\*

For 1824	-	-	\$7,107,892 05	For 1832	-	-	\$8,562,650 42
1825	-	-	6,537,671 27	1833	-	-	8,827,095 77
1826	-	-	7,058,872 12	1834	-	-	9,667,797 97
1827	-	-	7,427,175 78	1835	-	-	9,157,490 32
1828	-	-	7,788,394 86	1836	-	-	11,688,987 18
1829	-	-	7,503,204 46	1837	-	-	13,098,321 83
1830	-	-	7,624,827 56	1838	-	-	13,837,594 44
1831	-	-	7,679,412 66	1839	-	-	13,325,800 18

\* "Such as the public debt, trust funds, indemnities, claims of States for war debts, or 3 per cents. on lands sold; occasional donations in money to objects in the District of Columbia, or otherwise; survey of the coast; taking the census; duties refunded; exploring expedition; and materials collected for the gradual improvement of the navy, (including improvements at navy yards; durable public buildings of all kinds; bridges and fortifications; all roads, canals, breakwaters and improvements in rivers and harbors; arming militia and forts; all pensions, except those to invalids; and the purchases of title to lands from Indians, (Indian Department;) the removal of Indians, and the wars; with such other payments as may have been made in those years for property lost, or injuries committed, during any hostilities." None of these years or columns include any thing on account of the Post Office Department.

NOTE.—The expenditures of 1839 are subject to variation on the settlement of the Treasurer's accounts for that year; which have not yet reached this office.

TREASURY DEPARTMENT, *Register's Office*, May 4, 1840.

T. L. SMITH, *Register*.

I take the last column purposely with the note showing that all expenditures not for "permanent or ordinary purposes," are excluded. All those objects in the note are excluded in this column of expenditures. This leaves it simply for the support of Government, the payment of the public officers, the men carrying on the affairs of Government. Look at this table again. How can we account for all this rapid increase of public expenditure? It must be owing in a great measure to the increase of public officers, public agents, *sinecurists*, and the thousand hangers-on to the Treasury. The increase of officers and agents and *employees* of the Government, with the increase of expenditures, goes to augment the power of the Executive. Sir, the people are taxed too much; they are obliged to pay too much even for the collection of the taxes.

In examining this subject, I find, from official documents, that in 1836 there were 1388 persons employed in and about the collection of the customs, collectors, inspectors, deputy inspectors, weighers, gaugers, &c., not including naval officers, employed in our ports, or those in the revenue-cutter service. I find from the document I hold in my hand that there were in 1836, *forty-nine* collection districts in the United States in which the amount collected was not sufficient



to pay the expense of collection, and they actually drew from the Treasury \$227,365 60 to pay their salaries, over and above the amount collected by them. To show you the character of these collection districts, take the first one named in the tables, Passamaquoddy.

There are twenty officers employed in that district. The amount received by them in 1836, was \$20,426 55, when the whole amount collected by them was only \$6,655 95. On looking over these tables, I found that the salaries of a large portion of these officers (inspectors) were put down at \$1,095. It occurred to me, a little singular that the salary or pay should be put at that precise sum, and I applied to a friend near me for information, when he informed me that the law authorizing the employment of these inspectors, fixed their pay at *three* dollars a day; that it was supposed that many of them would only be occasionally employed, but that, in practice, it turns out that they take good care to be employed just 365 days in the year, which, at three dollars a day, makes the \$1,095. But, how is this, said I, how can they be employed when there is nothing to do? Oh, said my informant, you don't understand the matter. These officers, sometime during the day, put on their hats, and, with cane in hand, walk down to the wharf, look about, and return home to their other avocations; having thus entitled themselves to three dollars of the people's money. If it is cold and unpleasant, looking out of the window will, I suppose, answer the purpose; or if it be any where within three or four months of election, an occasional tour of *inspection* in the adjoining towns, counties, or neighborhood, will answer the purpose just as well, and entitle them to their 1,095 a year. Sir, in looking over the Blue Book, I find three of these inspectors in my own district, on Lake Erie, two of whom receive \$250 each a year, and the other receives \$600 a year. They are very good men, sir; I have nothing to say against them; and if this system is to prevail, I would certainly prefer that my constituents should get the money to any body else getting it. But, sir, I venture to predict that nine-tenths of their own townsmen would be surprised to learn these facts. What do you suppose, Mr. Chairman, the expense of collecting the revenue from customs is?—I mean the whole amount paid these custom-house officers. You will find it stated in the American Almanac for 1840, with the rate per cent. from 1791 to 1837, inclusive. In 1817, the amount of duties paid into the Treasury, was \$26,283,348; cost of collecting, \$782,308; rate per cent on payments into the Treasury, two per cent., and  $\frac{88}{100}$ . During Mr. Adams Administration, the rate per cent. was from  $3\frac{2}{3}$  per cent. to  $4\frac{1}{3}$ ; and the amount paid for collection, was from \$889,303 in 1825, to \$933,094 in 1828:

The amount paid into the Treasury	Cost of collection.	Rate per cent.
in 1834, was - - - \$16,214,957	\$1,264,545	7.23
Do 1835, - - - 19,391,311	1,284,998	6.21
Do 1836, - - - 23,409,541	1,397,469	5.63
Do 1837, - - - 11,169,290	1,492,948	11.79

Mr. Chairman, I submit whether the collection of the revenue from customs is not costing the people too much? From 6 to 12 per cent. of these enormous sums to be *retained* by the collectors, &c., for collecting it; nearly one-eighth in 1837 retained to pay them, and these officers continually increasing. I have counted their names in the Blue Book recently furnished us, and I now find them 1,558—an increase of 170 since 1836, though the revenue is constantly on the decline. Sir, we need reform in every department of this Government. The system of monarchical Governments is being introduced into the machinery of the Government with most fearful celerity. A system of *sinecures*; an army of office-holders dependent on the Crown—upon the public treasury, for their salaries. A system, in fact, of taxing one portion of the people to raise money for the purpose of bribing another portion to stand by the Crown in all its struggles with the oppressed. A system, by which the people are to provide the means of continuing their own slavery. We must destroy this system in its inception in this country.



The true Republican doctrine is, that the Government is established by the people for themselves, and that no more public officers or agents should be employed than barely enough to do the public business of the people; that they should be paid a fair and reasonable compensation for their services, and *no more*: and that the strictest economy and accountability should be observed. I do not complain of the amount expended, provided it be upon objects, and for purposes authorized by the Constitution, and calculated to develop the resources of the country, and advance the permanent interests of the people, and they get the worth of their money. But, sir, many of those objects, which have heretofore received the fostering care of this Government, and in which the people are deeply, vitally, interested, are now neglected, if not abandoned. Is it because the continually increasing army of officeholders requires all the money to pay their salaries? But I proceed to the consideration

*Of the duty or obligation of this General Government, to provide for the people a sound, safe, sufficient currency, of uniform value through the whole country.*

Sir, in my judgment, this is altogether the most important proposition to which I have adverted, and I would that time would permit me to discuss it at large; but, sir, I can now do little more than call the attention of the committee to it. In the early part of my remarks, I adverted to it, and then desired gentlemen to take notice of the language employed in all the extracts I read from General Jackson's messages, and numerous reports in favor of the State bank deposit system, and in opposition to a national bank. All these State papers then admitted the obligation on the Government to furnish the people a sound and convenient currency; and the argument was that the State banks, aided by the deposits and the countenance of the Government, would furnish such currency—as good, if not a better general currency than had been furnished by means of a national bank: the people being deceived into the belief of these assurances, acquiesced in the experiment.

Sir, the obligation has been from the very origin of the Government admitted. It was admitted in Washington's administration, and all succeeding ones down to Mr. Van Buren's. It was left for him, after the constitution had been in operation near fifty years, to deny this great and important obligation, and to advance new, and, to my mind, alarming doctrines on this important subject. It remained for him, in his message of September 1837, when the country was involved in unparalleled difficulties and distress, brought about by the measures of the Government, to proclaim the cold, chilling, and unfeeling sentiments, that—

“All communities are apt to look to Governments for too much. Even in our own country, where its powers and duties are so strictly limited, we are prone to do so, especially at periods of sudden embarrassment and distress. But this ought not to be.”

Again:

“Those who look to the action of this Government for specific aid to the citizen, to relieve embarrassments arising from losses by revulsion in commerce and credit, lose sight of the ends for which it was created, and the powers with which it is clothed.”

Again:

“If, therefore, I refrain from suggesting to Congress any specific plan for *regulating* the *exchanges* of the *country*, relieving mercantile embarrassments, or interfering with the ordinary operations of *foreign* and *domestic commerce*, it is from a conviction that such measures are not within the constitutional province of the General Government, and that their adoption would not promote the real and permanent welfare of those they might be designed to aid.”

Here, sir, you have the new doctrine, “not within the constitutional province of the General Government” to regulate the exchanges of the country, or to interfere with the ordinary operations of *foreign* and *domestic commerce*. Mark, sir, the reason in addition to the want of constitutional power, namely, that their adoption would not promote the welfare of those they might be designed to aid. Why, sir, if “such measures” are unconstitutional, that of course ends the argu-



ment, and no other reason was necessary. Now, sir the whole of the proposition is new, and, if correct, it is indeed very different from the opinions which have always prevailed. It cannot be denied that the power was expressly granted in the constitution, "to regulate commerce with foreign nations and among the several States." One of the main and leading objects of the constitution was to confer on this Government the power to regulate commerce. It was found to be absolutely necessary for the people to confer this power upon the General Government for their own protection. No such power was contained in the old articles of confederation. Then each State possessed for itself all commercial power, and each State had the right to regulate its own commerce. It was found, in practice, however, that they were continually clashing with each other. They attempted to derive a revenue by imposing duties, and what was the consequence? Virginia, if I recollect, passed revenue laws, imposing duties on merchandise brought into her ports, when Maryland, a State lying upon the same bay, communicating with the ocean, permitted importations free of duty; the consequence was, that no goods would be imported into Virginia, but they would all be landed in Maryland, and then find their way by land into Virginia. Thus were the States *powerless*; they could not, *in practice*, protect themselves. This state of things was likely to lead to difficulties of the most serious character.

If I recollect, Maryland and Virginia attempted to agree upon a system for themselves, but here they were met at once with difficulties; for, unless the other Atlantic States united with them, all they did might be rendered nugatory by the adverse action of the others.

The old Congress was embarrassed for the want of this power; and they recommended to the States to confer the power on them for a limited period, that they might regulate commerce for the common benefit of all. These difficulties were so great, and the old confederation was so emphatically a rope of sand, that it became absolutely necessary to abandon it, and form a new Union—a new confederacy, with sufficient powers to protect the people in all their common interests. I maintain, sir, that the General Government possesses the exclusive power to regulate commerce with foreign nations and among the several States. And now, sir, if this were the only power in the constitution, I should maintain that that power conferred the right and correlative duty to provide a safe, sound, and uniform currency for the whole Union—a currency of uniform value. What, sir, is the object of money, of currency, of a common standard of values? What purpose are they designed to answer? They are mere instruments of commerce—mere aids or agents of commerce. Commerce is the buying and selling of property among men, and a currency is necessary to facilitate these operations. Without a common currency, all commerce would degenerate into mere barter—the exchange of the *hat* for the shoes, the boots for the wheat, &c. We know, sir, that commerce cannot be prosecuted in any considerable degree without a common currency. Now, sir, it is agreed that, when a power is given, for the purpose of executing that power and giving it full efficiency, you may employ all necessary and proper means. The means are incidents to the power; therefore, sir, for the purpose of regulating commerce, you not only may, but, as I contend, you must, have a currency; and this being so, it is an obligation binding upon this General Government by its legislation to provide the currency and to regulate it to make it sound and safe, and sufficient in quantity. This, sir, is what the people now need, now want, require. Every thing is languishing, paralyzed, and ready to perish. The whole system of exchanges is prostrated. There is a general collapse for the want of a sound currency. Sir, the States, in their separate action, cannot furnish this remedy. It is not in their power. Twenty-six separate sovereign legislative bodies attempt to harmonize, and, by their action, produce a common result in the way of currency! The thing is absurd. If one State should devise a wise system of banking, and shall be prudent in all her measures affect-



ing the currency, she has no guarantee that the adjoining State will not spoil it all by her system, by creating too many banks, and inflating the currency. There is no security against the thousand dangers and evils which may and will arise from leaving this great and important matter to the States alone. The United States, and they only, have the power, and they should exercise it. The commercial power of any country and the currency power should go together. They are inseparable; or rather the one follows and attaches itself to the other. The one cannot exist without the other. That the States, in their separate legislative action, cannot furnish a sound uniform circulating medium of uniform value throughout the whole country, is clear and certain, and it seems to me that this must be obvious to any man of reflection, without an experiment. If a general currency be provided by the General Government, the State banks may furnish a local currency, which may be kept sound by the action of the general currency, which will operate as a restraint upon over-issues. The local banks would be obliged to keep themselves sound and good, and their issues within proper limits, or their paper would be rejected; and thus, by the influence of a general currency, the circulating medium might be kept sound and good, as it was for many years before experiments began. But experiments have been tried. What says Mr. McDuffie, in his report of 1830?

“Soon after the expiration of the charter of the first Bank of the United States, an immense number of local banks sprung up under the pecuniary exigencies produced by the withdrawal of so large an amount of bank credit as necessarily resulted from the winding up of its concerns—an amount falling very little short of fifteen millions of dollars. These banks, being entirely free from the salutary control which the Bank of the United States had recently exercised over the local institutions, commenced that system of imprudent trading and excessive issues which speedily involved the country in all the embarrassments of a disordered currency.”

The States, then, not having the practical power to furnish a uniform currency for the whole people, and the United States having that power, I call upon them, upon this Government, to exercise the power for the common good of the people. They have a right to demand it, and they do demand it. If you say you will do so, and give the people an *exclusive* metallic circulating medium, very well; then I understand you, and will meet you fairly upon that ground, and endeavor, as I have, to show that your scheme is impracticable, and would, at this time do the people, so far as it could be carried out, great and manifest injustice in the reduction of prices and the consequent sacrifice of property. But if you are about to secure a specie currency for the Government exclusively, and leave the people to their fate, to “take care of themselves,” then, sir, I deny that you execute the duty imposed by the constitution. On the contrary, you work a manifest wrong to the people. If, sir, I have shown the obligation on the Government to provide a sound and uniform currency, then I maintain that it is just as much a violation of the spirit of the constitution to omit or refuse to exercise those powers, the exercise of which is necessary for the protection and prosperity of the people, as it is to transcend the powers contained in the constitution. Can this proposition be denied? For what purpose are powers conferred upon Government? To be exercised. For what purpose? For the good of the people who conferred the power. If you refuse to exercise the power in relation to the navy, do you not as effectually destroy it as you would by a positive act? Were the President and Senate to omit and refuse to exercise the treaty-making power, what condition would the country be in? There is no power any where else in this country to treat with other countries, settle difficulties, &c. But I dismiss this point, and hasten to a conclusion.

Mr. colleague, (Mr. STRONG,) the other day, ridiculed the idea of one currency for the officeholders and another for the people, and, as I understood, insisted that this could not be. If, then, the people are to have the same currency as the Government, they must have an exclusive metallic currency or the Independent Treasury drafts, for these are what the officeholders are to have.



I understand him, then, as inviting the people to come to the aid of the General Government, and introduce an exclusive hard money currency. I have endeavored to show the effect of such a change upon all existing contracts and obligations, and upon the future industry and prosperity of the country. Sir, I maintain that the Government should transact its financial business and affairs through the same channels and with the same means employed by the people. Not, sir, that it should countenance and receive a depreciated currency, inconvertible paper; nor should the people be compelled to receive such. I maintain, sir, that whatever currency is good enough for the people is good enough for their servants, the office-holders. And if the currency is not good enough for them, it is the duty of the Government to *make* it good enough for all. Why make these odious distinctions? If those who hold office under the General Government are to be favored with a particular kind of money, why should not our State officers? they are as much the officers of the people. Collect, then, the State taxes in gold and silver. Let the people know that the collector will take nothing else. Sir, I reprobate all odious distinctions among us. Let this Government come forward in the spirit of kindness and wisdom, and discharge its duty by remedying the evils of a deranged currency; not coldly deny the obligation—draw itself up, and look with proud disdain upon the wretchedness and misery, and ruin its own measures have brought upon the country. In 1815, the Government did not deny its obligation to act and to legislate for the people as well as itself. The currency was then deranged, and your Secretary of the Treasury, Mr. Dallas, made a long and able report upon the finances and the condition of the country, its commerce and its currency.

This able report talks of *currency, currency, currency*, from beginning to end. It does not deny the obligation to provide a sound currency. It talks of the exchanges of the country. He described the condition of the country, and the embarrassments of the Treasury, and declared that "*a recurrence to the national authority is indispensable for the restoration of a national currency.*" He then proceeds to consider the means by which the object could be best accomplished, and propounds the following questions: "1st. Whether it be practicable to renew the circulation of gold and silver coins? 2dly. Whether the State banks can be successfully employed to furnish a *uniform currency*. 3dly. Whether a national bank can be employed more advantageously than the State banks for the same purpose? And, 4thly, Whether the Government can itself supply and maintain a paper medium of exchange, of permanent and uniform value throughout the United States?" He discusses these questions, and deciding in favor of a national bank, says:

"The establishment of a national bank is regarded as the best, and perhaps the only adequate resource, to relieve the country and the Government from the present embarrassments. Authorized to issue notes which will be received in all payments to the United States, the circulation of its issues will be coextensive with the Union, and there will exist a constant demand, bearing a just proportion to the annual amount of the duties and taxes to be collected, independent of the general circulation for commercial and social purpose. A national bank will, therefore, possess the means and the opportunity of supplying a circulating medium of equal use and value in every State, and in every district of every State. Established by the authority of the Government of the United States, accredited by the Government to the whole amount of its notes in circulation and intrusted, as the depository of the Government, with all the accumulations of the public treasure, the national bank, independent of its immediate capital, will enjoy every recommendation which can merit and secure the confidence of the public. Organized upon principles of responsibility, but of independence, the national bank will be retained within its legitimate sphere of action, without just apprehension from the misconduct of its directors or from the encroachments of the Government. Eminent in its resources and in its example, the national bank will conciliate, aid, and lead the State banks in all that is necessary for the restoration of credit, public and private; and acting upon a compound capital, partly of stock and partly of gold and silver, the national bank will be the ready instrument to enhance the value of the public securities, and to restore the currency of the national coin."

He concludes his report by saying:



“Upon the whole, the state of the national currency, and other important considerations connected with the operations of the Treasury, render it a duty respectfully to propose—

“That a national bank be established at the city of Philadelphia, having power to erect branches elsewhere ; and that the capital of the bank (being of a competent amount) be three-fourths of the public stock and one-fourth of gold and silver.”

Here, sir, is no abandonment of the people and their interests, no assailment of credit, but a desire to “do all that is necessary for the restoration of credit, public and private.” How different from the doctrines of the present day ! Mr. Madison was then at the head of public affairs ; Congress chartered a national bank ; Mr. Madison approved it, and in his next annual message of December, 1816, uses the following language :

“For the interest of the community at large, as well as for the purposes of the Treasury, it is essential that the nation should possess a *currency of equal value, credit, and use, wherever it may circulate*. The constitution has intrusted Congress exclusively with the power of creating and regulating a currency of that description ; and the measures which were taken, during the last session, in execution of the power, give every promise of success. The Bank of the United States, under auspices the most favorable, cannot fail to be an important auxiliary.”

Mr. Lowndes said in 1819 :

“The great object of the Government in chartering the bank was to provide a *currency* which should have that degree of stability and uniformity in its value which is required by the interests both of our commerce and revenue.”

Mr. Madison, and a host of other statesmen scarce his inferiors, admitted the *obligation* to provide a sound and sufficient general currency in aid of commerce, and for the regulation of the exchanges and the collection of the revenues. And he and they *acted*. They came to the aid of a distressed people and a deranged currency. Mr. Van Buren refrains from suggesting any specific plan for regulating the exchanges of the country. He refuses to act except by providing for the wants of the Government alone, by demanding of the people the payment of the taxes in gold and silver, leaving them to provide for their own wants as best they may. To the people the issue is submitted ; and I await, without fear or apprehension, the announcement of their verdict.



